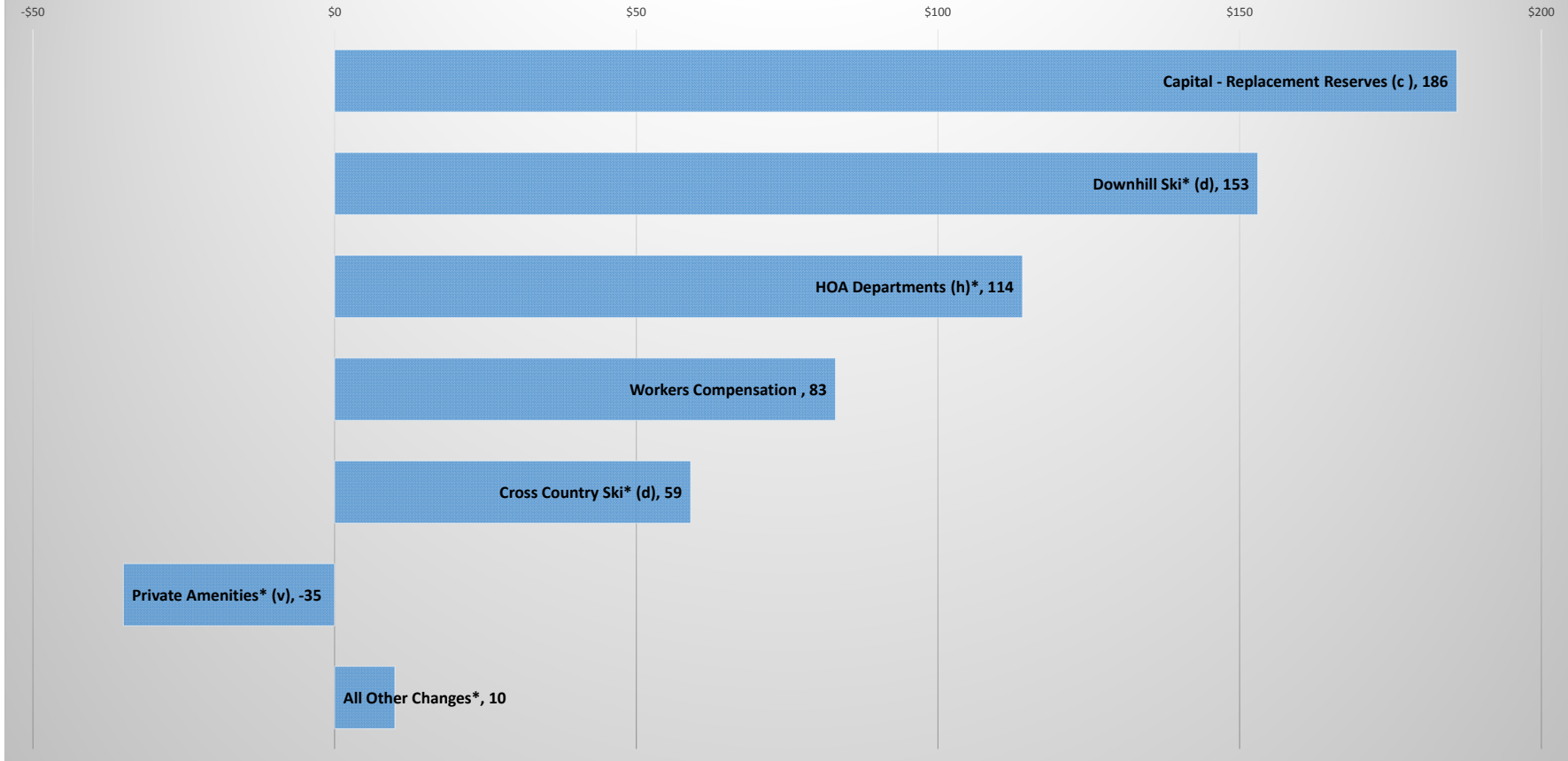


**Budget 2011 to Budget 2016 Annual Assessment  
Change of \$570 over 5 Years (7% CAGR)**



\* Amount excludes Workers Compensation costs, which is listed separately for entire company. Workers compensation insurance increase driven primarily by California regulatory impacts.

(c) change driven by Board policy to improve the percent funded in reserves for existing assets depreciating over time, with now over \$45 million in current replacement costs components.

(d) change driven primarily by drought lack of snow impact on revenue expectations in budget and California minimum wage increases.

(h) change driven by various items, see subschedule page 3

(v) change driven primarily by summer volume growth

Average Home Prices, Truckee, CAGR 5.5% (source Zillow)

**Tahoe Donner Association  
2016 Budget as compared to 2011 Budget**

	<i>5 years ago</i> <b>2011 BUDGET</b>		<i>current year budget</i> <b>2016 BUDGET</b>		<b>Change</b>	<b>CAGR</b>	<b>Comments</b>
<b>Annual Assessment, per Owner</b>	<b>1330</b>	100%	<b>1900</b>	100%	<b>570</b>	43%	7.4%
Operating	695	52%	1074	57%	379	55%	9.1%
Replacement Reserve	360	27%	546	29%	186	52%	8.7%
Development	250	19%	250	13%	0	0%	0.0%
New Equipment	25	2%	30	2%	5	20%	3.7%
Annual Assesment per Owner per Month	111		158		48	43%	7.4%
<b>Operating Fund - Consolidated</b>							
Operating Revenues	8,760,000		9,200,000		440,000	5%	1.0%
Operating Costs (A)	13,258,000		16,151,000		2,893,000	22%	4.0%
Net Operating Result (Loss)	(4,498,000)		(6,951,000)		(2,453,000)	55%	9.1%
<b>Operating Fund - Private Amenities</b>							
Operating Revenues	1,740,000		2,343,000		603,000	35%	6.1%
Operating Costs	1,676,000		2,122,000		446,000	27%	4.0%
Net Operating Result (Loss)	64,000		221,000		157,000	245%	28.1%
<b>Operating Fund - Public Amenities</b>							
Operating Revenues	6,460,000		6,252,000		(208,000)	-3%	-0.7%
Operating Costs	6,166,000		7,682,000		1,516,000	25%	4.5%
Net Operating Result (Loss)	294,000		(1,430,000)		(1,724,000)	-586%	-237.2%
<b>Operating Fund - H O A</b>							
Operating Revenues	560,000		605,000		45,000	8%	1.6%
Operating Costs	5,416,000		6,347,000		931,000	17%	3.2%
Net Operating Result (Loss)	(4,856,000)		(5,742,000)		(886,000)	18%	3.4%
<b>Operating Fund - Consolidated - Operating Costs Subschedule (A)</b>							
Cogs	955,000		1,205,000		250,000	26%	4.8%
Payroll Direct	6,600,000		8,220,000		1,620,000	25%	4.5%
Payroll Burden (B)	1,803,000		2,670,000		867,000	48%	8.2%
Expenses	3,900,000		4,056,000		156,000	4%	0.8%
Operating Costs	13,258,000		16,151,000		2,893,000	22%	4.0%
<b>Operating Fund - Consolidated - Payroll Burden Subschedule (B)</b>							
Payroll Taxes	650,000	10%	830,000	10%	180,000	28%	5.0%
Group Health Insurance	800,000	12%	890,000	11%	90,000	11%	2.2%
Retirement Plan	70,000	1%	130,000	2%	60,000	86%	13.2%
Workers Compensation Insurance	283,000	4%	820,000	10%	537,000	190%	23.7%
Payroll Burden	1,803,000	27%	2,670,000	32%	867,000	48%	8.2%

**Notes:**

The amenities do not receive an allocated overhead charge from HOA nor any capital charge.  
Reference Metric - \$100,000 / 6473 owners = \$15.45  
CAGR = Compounded Annual Growth Rate

**Top 3 Keynotes B2B = Drought, workers comp, and reserve funding - drivers of assesment increase**  
(S) Downhill Ski's \$1.3m snowmaking investment can have nearly 100% payback in one season.

Questions? Michael Salmon, Director of Finance and Accounting  
msalmon@tahoedonner.com | (530) 587-9418

**Tahoe Donner Association**  
**Change in Annual Assessment B'11 to B'16, HOA Departments subschedule**

<b>\$</b>	<b>114 HOA Departments change</b>	<b>Comments</b>
35	General	\$15 Property taxes, \$8 Legal Fees (C&Rs project), \$5 Contingency (added due to expense cost savings initiative across all depts), \$3 Insurance, \$2 S&W
16	Administration	\$13 S&W = 3.7% CAGR
20	Communications	\$16 S&W = 8.0% CAGR, added Full Time Position; service driven
14	Member Services	\$11 S&W = 8.9% CAGR, added Full Time Position; service driven
8	Architectural Standards Office	\$13 S&W = 10.0% CAGR, added Full Time Position; owner construction activity growth and compliance inspections growth. Revenue growth \$9
18	Information Technology	\$13 S&W = 6.6% CAGR, added Full Time Position; tech needs growth
15	Accounting	\$11 S&W = 3.2% CAGR, expense savings of \$2
2	Human Resources	\$5 S&W = 4.8% CAGR, added Part Time position, expense savings of \$4
4	Facility Administration	Director of Capital Projects added, offset by allocation out to RRF and DevFd
(5)	Forestry	Trails included in Forestry in '11, Forestry portion essentially flat B2B
(13)	Maintenance	\$18 S&W = 5.4% CAGR CMW/Market pressures. Less \$34 credit Vehicle Maint reorg

S&W = Salaries and Wages aka Payroll Direct

CMW = California Minimum Wage impact

CAGR = Compounded Annual Growth Rate