

DECISION PAPER



November 16, 2017

Review and Update Of TDA Board of Directors Resolution 2012-5, New Machinery and Equipment Fund

Issue: The Finance Committee, at the direction of the Board and in accordance with the Association’s commitment to review and update resolutions every five years, has reviewed Resolution 2012-5, New Machinery and Equipment Fund Policy at TAB A. Final draft of updated resolution entitled Administrative Resolution 2017-4, New Equipment Fund is at TAB B.

Background:

- The New Machinery and Equipment Fund is a reserve account established in accordance with the Association’s Governing Documents. Capital assets procured under the provisions of this fund are was developed so that annually the General Manager may estimate the new equipment requirements of the Association based on a comprehensive review of operational needs, membership desires, and forthcoming changes not otherwise covered by other reserved capital funds.

Key Provisions/Changes:

- Resolution title changed from New Machinery and Equipment Fund Policy to New Equipment Fund Policy. This was done as the inclusion of the word Machinery is not germane to the nature of business for the TDA.
- Changes the last sentence under the Funding headline to read: A contingency reserve minimum balance of \$25,000 will be maintained in the NEF, with Board approval required to draw down below this minimum.
- Other updates include: TDA logo letterhead, added “Administrative” to title to reflect current cataloging of resolutions pertaining to financial matters, made formatting adjustments in font, type, margins, spacing so as to be consistent with format changes that have emerged over past five years, updated signature blocks for Directors,



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Options:

1. Approve updated Resolution and review in 5 years (TAB B).
2. Reject updated Resolution and provide further guidance.
3. Revalidate existing Resolution and extend validity 5 years.

Recommendation: To approve the updated Resolution, Option A.

Prepared By: Finance Committee, Resolution Review Subcommittee-John Dundas, Michael Eyton-Lloyd, Jim Stang, Corey Leibow and Mike Salmon, Dir Fin & Acctg, November 7, 2107

Reviewed By: Finance Committee, November 16, 2017

Board Meeting Date: December 16, 2017



BOARD APPROVED

ACTION ON Oct 20, 2012

TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS

VERIFIED

[Signature]

E.A. - TDA ASSOC.

RESOLUTION 2012 – 5

NEW MACHINERY AND EQUIPMENT FUND POLICY

WHEREAS, the Tahoe Donner Association Board of Directors is responsible for the establishment of the annual regular assessment based upon preparation of an annual budget that estimates "...the total amount required to fund ... anticipated Common Expenses ... (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities)..."¹; and,

WHEREAS, Common Expenses, are defined to include "...any amounts reasonably necessary to fund reserves for the maintenance, repair, expansion and replacement of the Common Areas and Common Facilities..."²; and,

WHEREAS, the Tahoe Donner Association Board of Directors "...shall maintain any other accounts it shall deem necessary to carry out its purpose, including reserve accounts for replacement of capital improvements..."³; and,

WHEREAS, the following constitutes the New Machinery and Equipment Fund (NMEF) Policy of Tahoe Donner Association and supersedes all previously approved NMEF policies;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association approves and adopts the following NMEF Policy:

PURPOSE

The NMEF is established as a reserve account in accordance with the Association's Governing Documents to be maintained and administered on an annual basis to acquire new capital assets identified as necessary for more efficient operations, or to provide new machinery and equipment for programs, activities and services to the membership.

NMEF PLAN

The NMEF is developed annually by the General Manager to estimate the new machinery and equipment requirements of the Association based on a comprehensive review of operational needs, membership desires, and forthcoming changes not otherwise covered by other reserved capital funds. Qualifying individual new machinery and equipment assets are valued in excess of \$2,000.

¹ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2 (a)

² First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 9

³ Restated Bylaws of Tahoe Donner Association, Article XII, Section 4

The NMEF becomes part of the Association's annual Financial Planning and Budget Development Procedures.

REPORTING

Funding requirements and planned NMEF expenditures will be reported to Association Members as part of the Association's Annual Budget Report. Furthermore, the accounting of the actual expenditure of NMEF funds will be reported to Association Members as part of the Association's year-end Annual Report as required by the Governing Documents.⁴

RESPONSIBILITY & AUTHORITY

The Board, and the General Manager, to the extent authorized by the Board, will have the full authority and responsibility to administer the NMEF Policy in accordance with the terms and provisions contained herein. The Board has the authority to allow for specific exceptions to the stated parameters or restrictions, except those mandated by statute or those limited by the Governing Documents.

FUNDING

Funding for the NMEF is provided as part of the Association's regular annual assessment. The annual contribution to the NMEF will normally be determined to cover planned expenditures for specific capital assets, and a contingency reserve for unanticipated needs. Funding will take into account funding sources for capital improvement projects from other capital funds, including the Replacement Reserve Fund and the Development Fund. A contingency reserve of \$25,000 will be maintained in the NMEF.

EXPENDITURES

NMEF funds will only be expended for the aggregate purpose, including all individual capital assets, for which they have been accumulated. Actual expenditures will be made by the General Manager and approved by the Board. After the year of expenditure of funds for individual NMEF capital assets, such capital assets will be incorporated into the Reserve Study and Reserve Plan.

Within the authority of the Governing Documents, and according to the provisions of the Replacement Reserve Fund Policy⁵, the Board may authorize borrowing from the Replacement Reserve Fund for use on NMEF capital assets for a period of one year.

⁴ Restated Bylaws of Tahoe Donner Association, Article XII, Section 5

⁵ Board Resolution 2012-XX, Replacement Reserve Fund Policy and subsequent revisions, if any

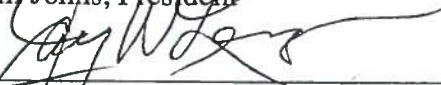
APPROVAL

Approval of the NMEF Policy and any changes, amendments, or modifications thereafter, may only be accomplished at a properly noticed meeting of the Board, after a full reading of the policy in open session, with reasonable time allowed for property owner comment.

SIGNED AND DATED: Oct 20, 2012



Tom Johns, President




Jay Lempinen, Secretary



Ron Wulff, Director



Suzy Khisley, Vice President



Steve Miller, Treasurer



**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

ADMINISTRATIVE RESOLUTION 2017-4

NEW EQUIPMENT FUND POLICY

WHEREAS, the Tahoe Donner Association Board of Directors is responsible for the establishment of the annual regular assessment based upon preparation of an annual budget that estimates "...the total amount required to fund ... anticipated Common Expenses ... (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) ..."¹; and,

WHEREAS, Common Expenses, are defined to include "...any amounts reasonably necessary to fund reserves for the maintenance, repair, expansion and replacement of the Common Areas and Common Facilities..."²; and,

WHEREAS, the Tahoe Donner Association Board of Directors "...shall maintain any other accounts it shall deem necessary to carry out its purpose, including reserve accounts for replacement of capital improvements..."³; and,

WHEREAS, the following constitutes the New Equipment Fund (NEF) Policy of Tahoe Donner Association and supersedes all previously approved New Machinery and Equipment Fund policies;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association approves and adopts the following NEF Policy:

¹ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2 (a).

² First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 9.

³ Restated Bylaws of Tahoe Donner Association, Article XII, Section 4.

PURPOSE

The NEF is established as a reserve account in accordance with the Association's Governing Documents to be maintained and administered on an annual basis to acquire new capital assets identified as necessary for more efficient operations, or to provide new equipment in support of services, programs, and activities to the membership.

NEW EQUIPMENT PLAN

The NEF is developed annually by the General Manager to estimate the new equipment requirements of the Association based on a comprehensive review of operational needs, membership desires, and forthcoming changes not otherwise covered by other reserved capital funds. Qualifying individual new equipment assets are valued in excess of \$2,000.

The NEF becomes part of the Association's annual Financial Planning, Budgeting and Reporting policy⁴ and procedures.

REPORTING

Funding requirements and planned NEF expenditures will be reported to Association Members as part of the Association's Annual Budget Report. Furthermore, the accounting of the actual expenditure of NEF funds will be reported to Association Members as part of the Association's year-end Annual Report as required by the Governing Documents.⁵

RESPONSIBILITY & AUTHORITY

The Board, and the General Manager, to the extent authorized by the Board, will have the full authority and responsibility to administer the NEF Policy in accordance with the terms and provisions contained herein. The Board has the authority to allow for specific exceptions to the stated parameters or restrictions, except those mandated by statute or those limited by the Governing Documents.

FUNDING

Funding for the NEF is provided as part of the Association's regular annual assessment. The annual contribution to the NEF will normally be determined to cover planned expenditures for specific capital assets, and a contingency reserve for unanticipated needs. Funding will take into account funding sources for capital improvement projects from other capital funds, including the Replacement Reserve Fund and the Development Fund. A contingency reserve minimum balance of \$25,000 will be maintained in the NEF, with Board approval required to draw down below this minimum.

⁴ Board General Resolution 2014-1, Financial Planning, Budgeting, and Reporting and subsequent revisions, if any

⁵ Restated Bylaws of Tahoe Donner Association, Article XII, Section 5

EXPENDITURES

NEF funds will only be expended for the aggregate purpose, including all individual capital assets, for which they have been accumulated. Actual expenditures will be made by the General Manager and approved by the Board. After the year of expenditure of funds for individual NEF capital assets, such capital assets will be incorporated into the Reserve Study and Reserve Plan.

Within the authority of the Governing Documents, and according to the provisions of the Replacement Reserve Fund Policy⁶, the Board may authorize borrowing from the Replacement Reserve Fund for use on NEF capital assets for a period of one year.

APPROVAL

Approval of the NEF Policy and any changes, amendments, or modifications thereafter, may only be accomplished at a properly noticed meeting of the Board, after a full reading of the policy in open session, with reasonable time allowed for property owner comment.

ACCEPTED AND DATED: December 16, 2017

JEFF CONNERS, President

JEFF SCHWERDTFEGER, Vice President

JEFF BONZON, Treasurer

JENNIFER JENNINGS, Secretary

DARRIUS BROOKS, Director

⁶ Board Resolution 2013-03, Replacement Reserve Fund Policy and subsequent revisions, if any