



**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

ADMINISTRATIVE RESOLUTION 2017-3

DEVELOPMENT 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 Development Fund Policy of Tahoe Donner Association and supersedes all previously approved development fund policies;

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

PURPOSE

The Development Fund is established as a reserve account in accordance with the Association's Governing Documents to be maintained and administered on an annual basis to finance capital improvement projects; including real estate acquisitions, building upgrades and additions, and building replacements that do not qualify for funding from the Replacement

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

Reserve Fund. While the Replacement Reserve Fund provides reserves for the replacement of individual building components, it does not provide funding for the functional obsolescence or structural replacement of existing buildings or new facilities.

The Development Fund is necessary to keep the Association's amenities and operational infrastructure from deteriorating and becoming functionally obsolete, to keep the community vibrant, to meet current operational demands, to enhance the benefit enjoyed by the ownership, and to protect each Owner's investment in the Association.

The Development Fund, used in conjunction with and in addition to the reserves provided by the Replacement Reserve Fund, enables the Association's Board of Directors (Board) to plan and execute capital improvement projects identified in the Capital Projects Process (CPP) and derived from other sources that are approved by the Board of Directors on behalf of all Owners.

DEVELOPMENT FUND PLAN

The Board has charged the General Plan Committee (GPC) to work together with Association management, members, the Finance Committee (FC), and the Board, to develop a CPP that identifies capital improvement projects to address the present and future needs of the Association.

The result of this collaboration is the 20-year Capital Funds Projection (CFP) that contains anticipated capital improvement projects which are reviewed and adopted by the Board. It is anticipated that the content of the CFP will be reviewed annually in accordance with the annual Financial Planning and Budget Procedures⁴ and will be formally updated as needed. Any changes or updates to the CFP will be reviewed and approved by the Board.

Additionally, capital improvement projects not included in the CFP may be recommended and designated by the Board each year as part of the annual Financial Planning and Budgeting Procedures.

The CFP is the document by which all capital improvement projects covering a 20-year planning horizon will be identified for funding. All capital improvement projects will be individually designated and costs estimated using the best information available to ensure that accumulated reserves will be sufficient to cover future needs; but are not excessive to the needs of each designated project. The CFP, and each capital improvement project cost estimate, will be updated annually in consultation with the GPC and the FC, and approved by the Board, in accordance with the annual Financial Planning, Budgeting and Reporting procedures.

REPORTING

Capital improvement projects that have been designated and budgeted will be reported to Association Members as part of the Association's Annual Budget Report.

⁴ General Resolution 2014-1, Financial Planning, Budgeting and Reporting

Furthermore, the accounting of the actual expenditure of funds on designated projects will be reported to Association Members as part of the Association's year-end Annual Report as required by the Governing Documents.⁵

Specifically designated and/or restricted funds within the Development Fund prior to implementation of this Policy shall be appropriately disclosed in financial reporting (Monthly Finance Reports, Annual Report, and Budget Report) until expended.

Subsequent to expenditure of those designated/restricted funds all funds will be maintained as a single Development Fund based upon the annual CFP.

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 Development Fund 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.

APPROVAL OF PROJECTS

A determination will be made as to whether any aspect of implementation of any capital improvement project requires the approval of the Members of the Association as specified in the Governing Documents.

Once a determination with regard to project approval requirements has been made, adoption of the Annual Budget, which includes the CFP, by the Board will constitute approval of funding for the designated capital improvement projects for the upcoming fiscal year. Additionally, each capital improvement project will be individually planned, budgeted, and approved by the Board.

FUNDING

Funding for the Development Fund is provided as part of the Association's regular annual assessment. The annual contribution to the Development Fund will normally be one-twentieth (1/20), or five percent (5%), of the capital improvement projects designated in the Association's CFP over a subsequent 20-year period. However, funding may be adjusted upward or downward as required to ensure adequate funding for planned projects.

Funding will take into account funding sources for capital improvement projects from other capital funds, including the Replacement Reserve Fund.

In order to manage individual projects and aggregate Development Fund balances and expenditures, certain capital improvement projects may need to be rescheduled or reexamined.

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

EXPENDITURES

Development Funds will only be expended for the aggregate purpose, including all individual projects, for which they have been accumulated. Expenditures from the Development Fund will be made in accordance with individual capital improvement project plans, as designated in the CFP, in collaboration with the GPC and FC, and as approved by the Board.

Actual expenditures for individually designated projects may vary from initial project estimates as specific project plans are developed and individually approved by the Board. Should the Board determine that a specific project is no longer advisable; it may cancel the project and reallocate any accumulated funds, to other designated projects. The Board may also modify scope of a project if it determines that the project requirements have changed since it was originally designated.

Within the authority of the Governing Documents, and according to the Reserve Fund Policy⁶, the Board may authorize temporary borrowing from the Replacement Reserve Fund for use on Development Fund projects for a period of one year.

APPROVAL

Approval of the Development Fund 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: November 18, 2017



JEFF CONNORS, President



JEFF SCHWERDTFEGER, Vice President



JEFF BONZON, Treasurer



JENNIFER JENNINGS, Secretary



DARIUS BROOKS, Director

⁶ Resolution 2013-03, Replacement Reserve Fund Policy