



**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 CONNORS, 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