

Final Draft in Board Book

The Investment Committee is intended to be 1) a subcommittee of the Finance Committee with 2) a separate Chairperson who 3) along with its other subcommittee members bring substantial experience and expertise to the manner in which Tahoe Donner invests its four Reserve Funds. Tahoe Donner's investment portfolio is approximately \$20 million dollars.

The subcommittee would generally meet no less than four times per year and more often according to market conditions and Investment needs as the subcommittee deems necessary. The subcommittee, in conjunction with staff, will meet with Tahoe Donners' Investment Advisor/Brokers on a quarterly basis to review overall portfolio results and to ensure a proper review of potential opportunities/alternative investment strategies transpires.

The first task of the Investment subcommittee is to adopt a written operating policy that also defines the membership of the committee, meeting structure and attendance policy and to clearly outline Tahoe Donner's investment philosophy. Committee members will also make recommendations regarding how they will channel information from Tahoe Donners' Investment Advisors to the Finance Committee for review by the Board. In doing so they would be the primary initiator of decision papers.

The Investment subcommittee will provide minutes to be included within the Finance Committee Minutes submitted to the Board. Minutes should include a list of attendees, the topic of discussions, actions and processes, as well as describe the committee's rationale in forming recommendations.

The subcommittee must understand its Fiduciary responsibilities and the legal framework it is operating under. As such and as needed it should utilize Tahoe Donner's legal counsel as authorized by either the General Manager or Tahoe Donner's President.

In order to be effective the subcommittee is charged with several responsibilities including:

- 1) Effectively recommending (subject to Board approval) the investment managers and or brokers that may best serve Tahoe Donner on an annual basis and the resulting rationale. This mandate would include consideration of outsourcing the full investment process to a qualified party (s) that would operate under Tahoe Donners policy dictates.
- 2) Developing and or updating on an annual review basis, the overall investment policy for Tahoe Donner to include 1) the manner in which investments are selected along with the proposed diversification policies among the various investment vehicles. Investment policy statements usually include one or more benchmark portfolios that serve as a metric to evaluate portfolio returns over several years. Operating policies will clearly define the duties and powers of the various parties and will specify for which actions the Staff and or the Tahoe Donner's Investment Advisors/Brokers need to seek committee approval.
- 3) The interest rate duration of the applicable investments as tied into the cash flow projections of Tahoe Donner, rebalancing parameters and asset allocation percentages.
- 4) The applicable types of investments and credit ratings that can be invested in , from variable to fixed rate coupons as well as tax exempts inclusive of floating rate vehicles and other alternatives that diversify exposure along with the corresponding asset allocation percentages.
- 5) Determining the feasibility of and overall applicability of utilizing discretionary and non- discretionary Investment Advisors and the amount of discretion they may be allotted if any and to what degree. In this spirit, it is expected that a review of our Investment Advisor Eaton Vance and the feasibility of them maintaining discretionary authority is advised.
- 6) Determining the applicable list of acceptable vendors/ investment types and vehicles including an annual review of the applicable portfolio's credit rating and the financial stability of the advisors/brokers we currently utilize including Stifel and Wells Fargo.