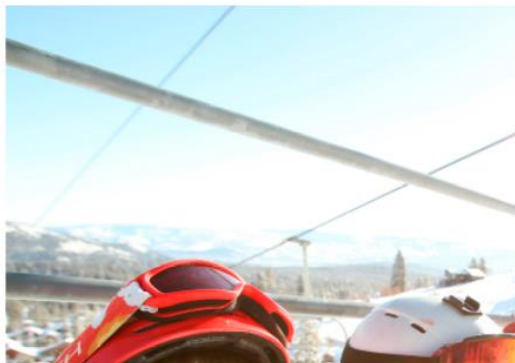


2021 CAPITAL FUNDS BUDGET REVIEW

SEPTEMBER 24, 2020



TODAY'S FOCUS – CAPITAL FUNDS

NEXT MEETING

- Revisions to previously presented budgets, including recommendations from the board relating to Operating Fund and three Capital Funds
- Total Annual Assessment recommendation

OBJECTIVES FOR TODAY'S WORK SESSION

- Create a common understanding of Tahoe Donner's Capital Budgets
- Review of proposed budgets and receive board direction for:
 - Replacement Reserve Fund
 - Development Fund
 - New Equipment and Machinery Fund



TAHOE DONNER AT A GLANCE

50

AGE OF OLDEST
BUILDING (CLUBHOUSE)

7,300

ACRES

14

BUILDING COMPLEXES

5,080

TDA-OWNED ACRES

16,648

LARGEST FACILITY, IN SQ. FEET

\$67M

IN TOTAL ASSETS

**60+
MILES**

OF TRAILS

2,200

TOTAL COMPONENTS

WHAT IS IN THE CAPITAL FUNDS?

REPLACEMENT RESERVE

- Funds that plan for maintenance/repair, replacement and restoration of common area components and facilities
- Ex: Replacing windows, furniture, computers

DEVELOPMENT

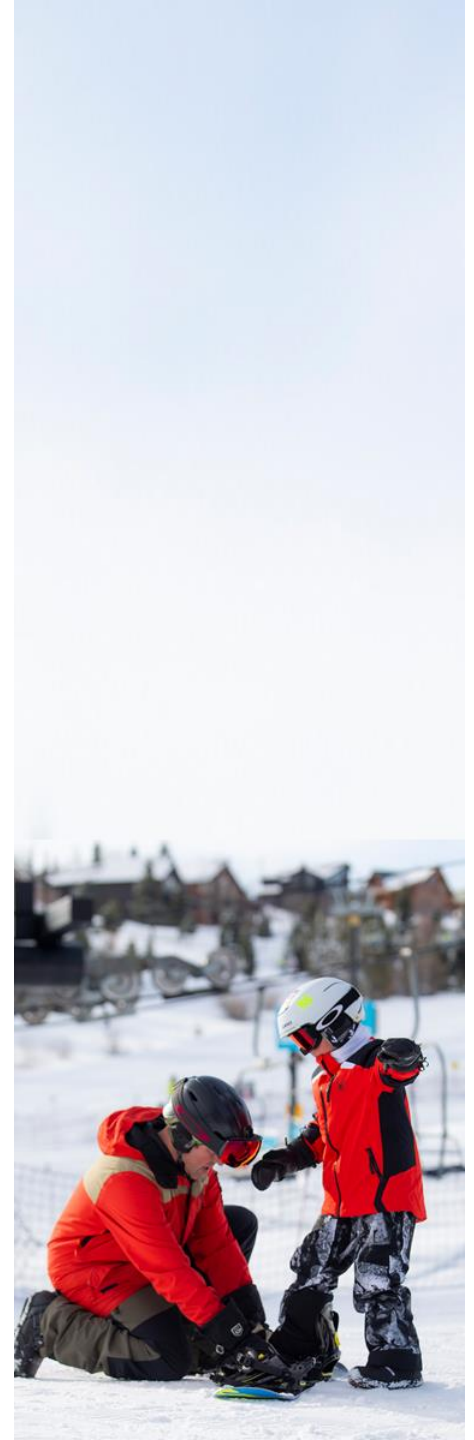
- Anticipated Capital Improvements
- Ex: Land acquisitions, new buildings, additions

NEW EQUIPMENT + MACHINERY

- Funding for new items that improve operational efficiency or additional member services
- Ex: Additional treadmill or new software

WHAT IS THE REPLACEMENT RESERVE FUND (RRF)?

- Used to account for the financial resources designated for the repair, restoration, replacement or maintenance of major common area components of the association
- Board policy to maintain 25% funding level
- A 30-year reserve funding and expenditure plan is produced every 3 years and updated annually for the purpose of scheduling and analyzing funding needs; the last 3-year study was completed in 2019



30-YEAR CASH FLOW/ CAPITAL BUDGET SUMMARY DRAFT

Year	Annual Percent Change to Capital / Reserve Assessment	Capital / Reserve Account Beginning Balance	Expired Useful Life of Components Expressed in Dollars aka "Fully Funded"	Percent Ratio of Fully Funded Value to Capital / Reserve Balance	Annual Dollar Change to Capital / Reserve Assessments	Annual Member Capital / Reserve Assessment	Annual Avg. Capital / Reserve Assessment / Unit Interest	Estimated Interest, Net of Tax	Annual Expenditures	Ending Balance
1/1/2021	4.00%	11,584,909	39,615,574	29.24%	186,440	5,184,873	801	104,330	(5,550,590)	11,323,522
1/1/2022	4.00%	11,323,522	41,508,376	27.28%	193,898	5,392,268	833	215,330	(6,322,991)	10,608,129
1/1/2023	4.00%	10,608,129	42,245,858	25.11%	201,654	5,607,959	866	188,715	(7,284,937)	9,119,866
1/1/2024	4.00%	9,119,866	41,917,105	21.76%	209,720	5,832,277	901	187,940	(3,872,434)	11,267,649
1/1/2025	4.00%	11,267,649	44,856,866	25.12%	218,108	6,065,568	937	193,396	(7,033,973)	10,492,640
1/1/2026	4.00%	10,492,640	44,709,302	23.47%	226,833	6,308,191	975	190,015	(5,288,825)	11,702,020
1/1/2027	4.00%	11,702,020	46,633,665	25.09%	235,906	6,560,518	1014	199,422	(6,099,882)	12,362,079
1/1/2028	4.00%	12,362,079	47,950,153	25.78%	245,342	6,822,939	1054	198,525	(6,908,919)	12,474,624
1/1/2029	4.00%	12,474,624	48,652,441	25.64%	255,156	7,095,857	1096	195,490	(6,831,032)	12,934,939
1/1/2030	4.00%	12,934,939	49,835,263	25.96%	265,362	7,379,691	1140	177,734	(9,023,361)	11,469,003
1/1/2031	4.00%	11,469,003	49,111,796	23.35%	275,977	7,674,879	1186	167,853	(6,480,957)	12,830,777
1/1/2032	4.00%	12,830,777	51,082,246	25.12%	287,016	7,981,874	1233	193,428	(5,712,635)	15,293,444
1/1/2033	4.00%	15,293,444	54,049,876	28.30%	298,496	8,301,149	1282	217,936	(7,233,621)	16,578,908
1/1/2034	4.00%	16,578,908	55,667,307	29.78%	310,436	8,633,195	1334	242,052	(6,413,179)	19,040,975
1/1/2035	4.00%	19,040,975	58,426,360	32.59%	322,854	8,978,522	1387	283,761	(6,002,882)	22,300,377
1/1/2036	4.00%	22,300,377	61,727,814	36.13%	335,768	9,337,663	1443	339,216	(5,661,079)	26,316,177
1/1/2037	4.00%	26,316,177	65,673,751	40.07%	349,199	9,711,170	1500	364,346	(10,095,039)	26,296,654
1/1/2038	4.00%	26,296,654	65,549,659	40.12%	363,167	10,099,617	1560	359,412	(9,691,396)	27,064,287
1/1/2039	4.00%	27,064,287	66,034,988	40.98%	377,693	10,503,601	1623	383,434	(7,678,783)	30,272,539
1/1/2040	4.00%	30,272,539	68,873,403	43.95%	392,801	10,923,745	1688	435,813	(7,427,468)	34,204,630
1/1/2041	4.00%	34,204,630	72,313,527	47.30%	408,513	11,360,695	1755	476,013	(9,908,763)	36,132,575
1/1/2042	4.00%	36,132,575	73,320,137	49.28%	424,854	11,815,123	1825	491,014	(11,080,236)	37,358,476
1/1/2043	4.00%	37,358,476	73,888,434	50.56%	441,848	12,287,728	1898	493,548	(12,160,638)	37,979,114
1/1/2044	4.00%	37,979,114	73,717,839	51.52%	459,522	12,779,237	1974	538,004	(7,429,932)	43,866,423
1/1/2045	4.00%	43,866,423	78,644,496	55.78%	477,902	13,290,407	2053	576,534	(13,831,030)	43,902,333
1/1/2046	4.00%	43,902,333	77,660,910	56.53%	497,019	13,822,023	2135	579,542	(12,342,975)	45,960,923
1/1/2047	4.00%	45,960,923	78,561,207	58.50%	516,899	14,374,904	2221	636,959	(8,936,983)	52,035,803
1/1/2048	4.00%	52,035,803	83,158,866	62.57%	537,575	14,949,900	2310	706,833	(12,158,340)	55,534,196
1/1/2049	4.00%	55,534,196	84,565,166	65.67%	559,078	15,547,896	2402	769,457	(10,961,283)	60,890,266
1/1/2050	4.00%	60,890,266	88,036,441	69.16%	581,441	16,169,812	2498	836,409	(12,953,751)	64,942,735

2020 REPLACEMENT RESERVE FUND HIGHLIGHTS

- Golf Course Tee and Fairway Repair and Replacement: \$2.2M
- Trout Creek Recreation Center Expansion: \$825,000
- ADA Upgrades at Facilities (Year 1+2): combined budget approx. \$800,000
- Nature Loop Repair and Replacement: \$683,935



2021 REPLACEMENT RESERVE FUND HIGHLIGHTS

Projects/Replacement over \$100,000

- ADA Improvements (Year 3): \$509,930
- Trout Creek Rec Center Parking Lot: \$392,193
- Golf Carts Replacement: \$268,654
- Shuttle Buses: \$233,139
- Payroll Allocations: \$215,139
- Accounting Software (Solomon) Replacement: \$151,844
- Holder Wheeled Snowblower Replacement: \$122,989
- South Euer Valley Road: \$122,343
- 2021 Budget Contains 2020 COVID-19 Deferred Projects/Replacements - \$900,000

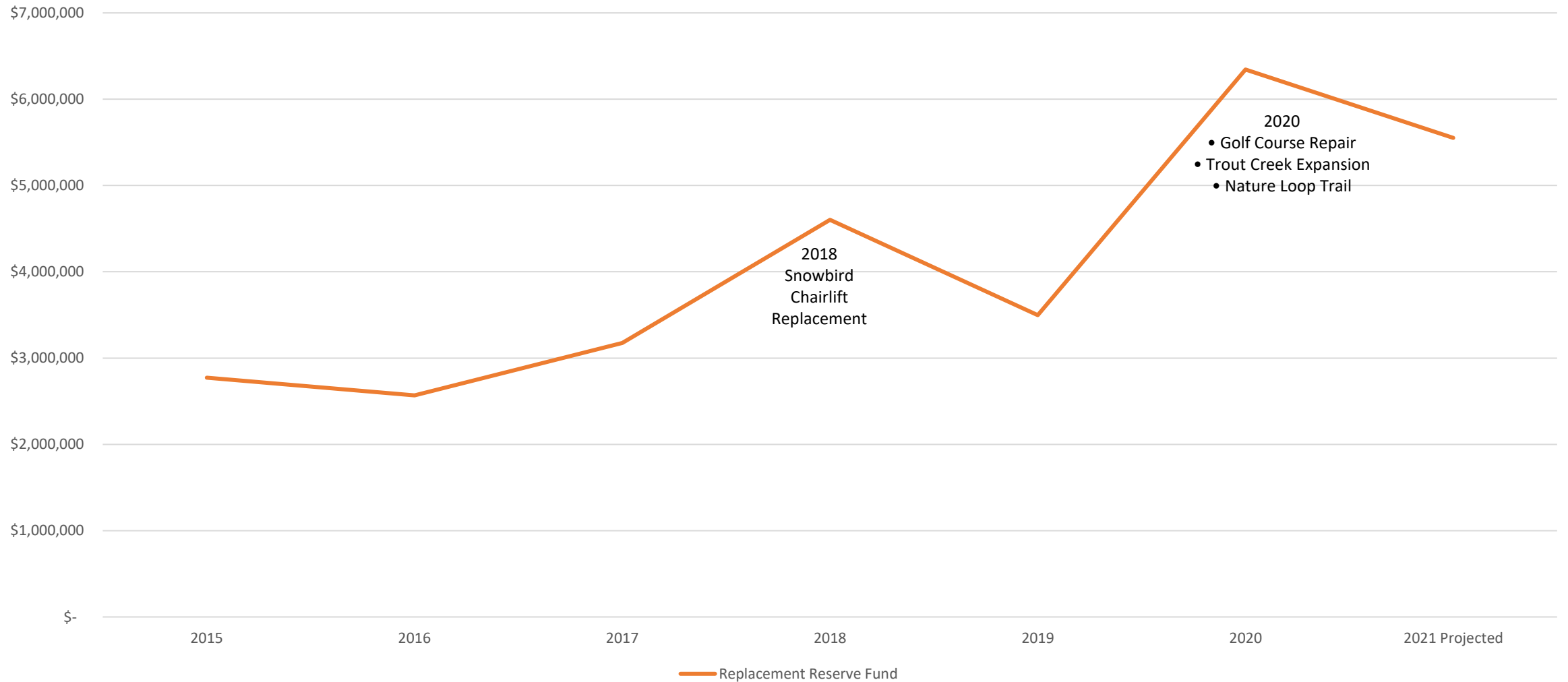


REPLACEMENT RESERVE FUND

	2020	2021
Balance	\$12,827,507	
Assessment	\$4,985,000	\$5,184,873
Interest Income	\$127,929	\$113,402
Expenditures		\$(5,550,590)
Consulting Expense	\$(8,822)	
Bad Debt Expense	\$(4,000)	
Income Tax	\$(14,000)	\$(9,072)
Salvage Receipts	\$14,343	
Capital Additions	\$(2,395,365)	
Repairs + Maintenance	\$(501,740)	
Balance (Through 8/31/20)	\$15,030,852	
Remaining 2020 Projected Expenditures	\$(3,445,943)	
Projected Balance (Through 12/31)	\$11,584,909	\$11,323,522

RRF EXPENSES – 5-YEAR

REPLACEMENT RESERVE FUND EXPENDITURES



WHAT IS THE DEVELOPMENT FUND?

- Established to accumulate funds for large-scale projects
- Large-scale projects are identified through the 20-year capital improvement project schedule
- This includes building replacements, amenity expansions, additions, land acquisition and infrastructure improvements

2020 DEVELOPMENT FUND HIGHLIGHTS

- Trout Creek Recreation Center Expansion: \$275,000
- Trailhead/Trail Improvements: \$150,000
- Downhill Ski Resort Lodge Replacement Planning: \$350,000
- COVID-19 Projects Deferment to 2021+

DEVELOPMENT FUND SUMMARY 2020

	2020
Fund Balance (1/1/20)	\$6,787,249
Assessment 2020	\$2,298,000
Interest Income	\$78,083
Bad Debt Expense	\$(2,000)
Income Tax	\$(6,666)
Capital Additions/Expenditures (Through 8/31/20)	\$(176,249)
Fund Balance (Through 8/31/20)	\$8,978,417
Remaining 2020 Projected Expenditures	\$(704,751)
Fund Balance (Through 12/31/20)	\$8,273,666

2021 DEVELOPMENT FUND HIGHLIGHTS

- Snowmaking at Cross Country and Snowplay: \$1,100,000
- Alder Creek Adventure Center Trailhead and Trail Restoration: \$350,000
- 2020 COVID-19 deferred projects ex. trailhead/new trails
- Downhill Ski Resort Lodge Planning: (see DHS Pages)



DEVELOPMENT FUND PROJECT SCHEDULE

SCHEDULED EXPENDITURES BEFORE DOWNHILL SKI LODGE REPLACEMENT

LOCATION	PROJECT	2021	2022	2023	2024	2025	AFTER 2025
Association Wide	Roof Structures Over Mailboxes						\$1,500,000
Association Wide	Fueling Stations for Equipment Top Shop				\$40,000	\$200,000	
Association Wide	Seasonal Workforce Employee Housing						\$5,000,000
Association Wide	EV Charging Stations - Soft Costs - PUD Partnership	\$50,000	\$50,000				
ACAC	Fueling Stations for Equipment		\$50,000	\$300,000			\$1,500,000
ACAC	Snowmaking on Select Nordic Trails	\$900,000					
ACAC	Cookhouse at Euer Valley with Year-Round Restrooms						\$500,000
ACAC	Backup Generator with Additional Storage						\$250,000
ACAC	Snowmaking Phase 3						\$350,000
Downhill Ski Resort	Snowmaking to Eagle Rock						\$550,000
Downhill Ski Resort	Regrade Mile Run to 8% Minimum Slope						\$500,000
Forestry	Finish Remodel Upstairs Offices						\$250,000
Forestry	Access From Ski Slope with Utilities					\$100,000	\$1,000,000
Maintenance	Fuel Tank Replacement and Cover					\$500,000	
Northwoods Clubhouse	Major Remodel/Rebuild						\$7,000,000
Northwoods Clubhouse	Parking Capacity Expansion						\$1,000,000
The Lodge	Backup Generator						\$250,000
The Lodge	Replace Tent with New Special Event Space + Restrooms						\$1,500,000
The Lodge	Pavillion Family Gathering						\$350,000
Trails + Open Space	Implement Trail/Trailhead Projects in the TMP		\$75,000	\$75,000	\$200,000	\$250,000	
Trails + Open Space	Glacier Way Parking Lot Expansion					\$350,000	
Trails + Open Space	ACAC Boardwalk and Trail Restoration	\$350,000					
Trout Creek Rec Center	Snowmaking at Snowplay	\$200,000					
Trout Creek Rec Center	Parking Lot Expansion + Entrance Improvements						\$500,000
Association Wide	Feasibility Studies	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
	Total Direct Costs (Before Inflation)	\$1,550,000	\$225,000	\$425,000	\$290,000	\$1,450,000	\$22,000,000
	Payroll + Allocated Overhead	\$311,000	\$311,000	\$311,000	\$311,000	\$311,000	
	Expenditures Total	\$1,861,000	\$536,000	\$736,000	\$601,000	\$1,761,000	\$22,000,000
	Inflation Factor	\$37,220	\$10,720	\$14,720	\$12,020	\$35,220	
	Total Including Inflation	\$1,898,220	\$546,720	\$750,720	\$613,020	\$1,796,220	\$22,000,000

PROJECTED DEVELOPMENT FUND BALANCE NO INCREASE

	ACTUAL 2020	PROJECTED 2021	PROJECTED 2022	PROJECTED 2023	PROJECTED 2024	PROJECTED 2025
Beginning Balance	\$6,787,249	\$8,273,666	\$8,747,266	\$10,576,723	\$12,219,010	\$14,014,107
Assessment	\$2,298,000	\$2,298,000	\$2,298,000	\$2,298,000	\$2,298,000	\$2,298,000
Interest Income	\$78,083	\$82,737	\$87,473	\$105,767	\$122,190	\$140,141
Bad Debt Expense	\$(2,000)	\$(2,298)	\$(2,298)	\$(2,298)	\$(2,298)	\$(2,298)
Income Tax	\$(6,666)	\$(6,619)	\$(6,998)	\$(8,461)	\$(9,775)	\$(11,211)
Capital Additions/Expenditures	\$(176,249)	\$(1,898,220)	\$(546,720)	\$(750,720)	\$(613,020)	\$(1,796,220)
Ending Balance	\$8,273,666*	\$8,747,266	\$10,576,723	\$12,219,010	\$14,014,107	\$14,642,519
Reserve for Land Acquisition	-	\$1,000,000	\$1,070,000	\$1,144,900	\$1,225,043	\$1,310,796
Funds Available for DH Lodge	-	\$7,747,266	\$9,506,723	\$11,074,110	\$12,789,064	\$13,331,723

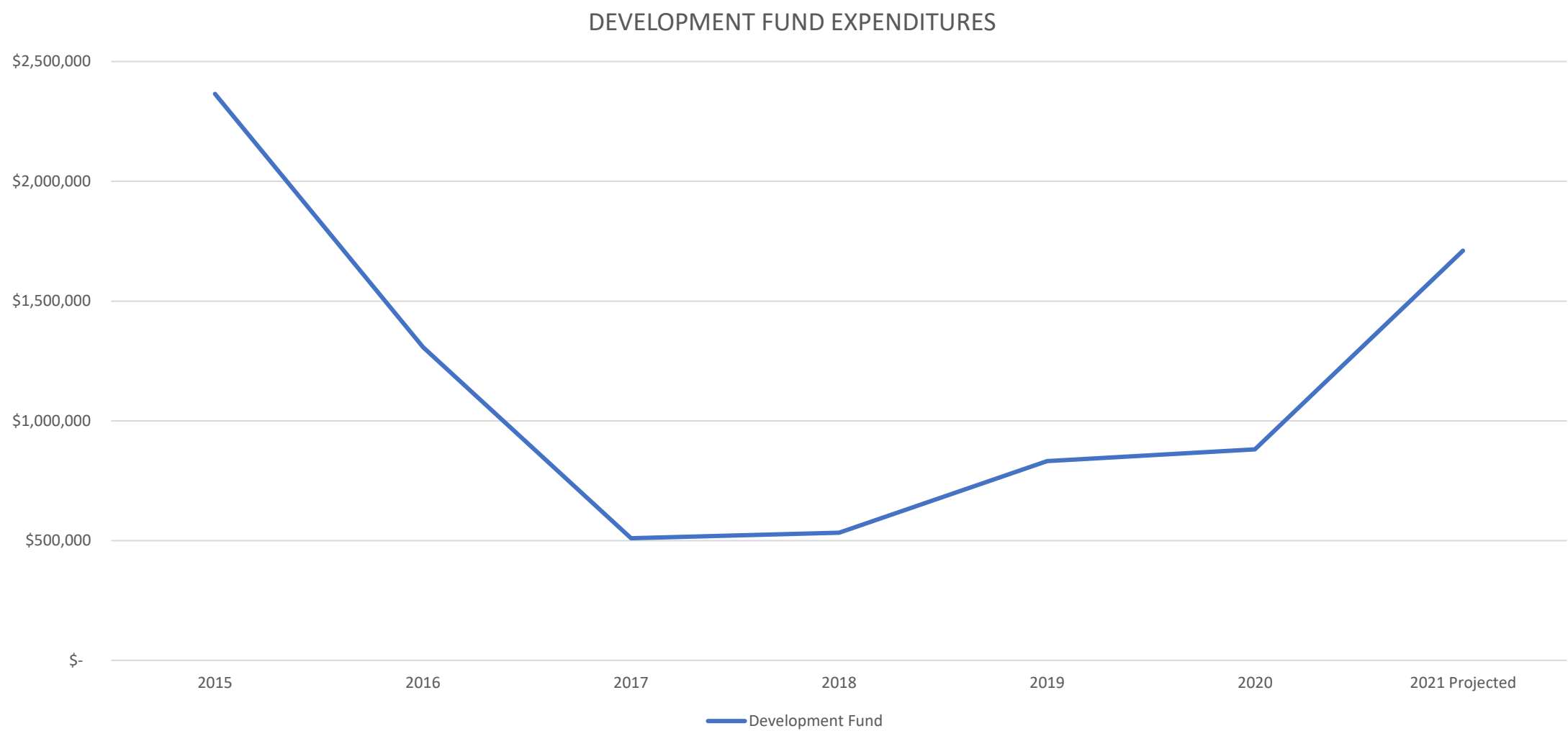
*2020 Ending Balance estimated through 12/31/2020. Actual Fund Balance through 8/31/2020 is \$8,978,417 with \$(704,751) allocated for Remaining 2020 Projected Expenditures.

PROJECTED DEVELOPMENT FUND BALANCE 7% INCREASE

	ACTUAL 2020	PROJECTED 2021	PROJECTED 2022	PROJECTED 2023	PROJECTED 2024	PROJECTED 2025
Beginning Balance	\$6,787,249	\$8,273,666	\$8,908,844	\$11,075,962	\$13,240,080	\$15,755,804
Assessment	\$2,298,000	\$2,459,740	\$2,634,511	\$2,815,755	\$3,009,945	\$3,223,554
Interest Income	\$78,083	\$82,737	\$89,088	\$110,760	\$132,401	\$157,558
Bad Debt Expense	\$(2,000)	\$(2,460)	\$(2,635)	\$(2,816)	\$(3,010)	\$(3,224)
Income Tax	\$(6,666)	\$(6,619)	\$(7,127)	\$(8,861)	\$(10,592)	\$(12,605)
Capital Additions/Expenditures	\$(176,249)	\$(1,898,220)	\$(546,720)	\$(750,720)	\$(613,020)	\$(1,796,220)
Ending Balance	\$8,273,666*	\$8,908,844	\$11,075,962	\$13,240,080	\$15,755,804	\$17,324,868
Reserve for Land Acquisition	-	\$1,000,000	\$1,070,000	\$1,144,900	\$1,225,043	\$1,310,796
Funds Available for DH Lodge	-	\$7,908,844	\$10,005,962	\$12,095,108	\$14,530,761	\$16,014,072
7% increase		\$25	\$27	\$28	\$30	\$33

*2020 Ending Balance estimated through 12/31/2020. Actual Fund Balance through 8/31/2020 is \$8,978,417 with \$(704,751) allocated for Remaining 2020 Projected Expenditures.

DEVELOPMENT EXPENSES – 5-YEAR



WHAT IS THE NEW EQUIPMENT AND MACHINERY FUND?

Used to acquire new items identified as necessary to be more efficient in operations, or to provide new services to the membership

NEW MACHINERY AND EQUIPMENT FUND 2020 HIGHLIGHTS

- Expenditure kept to minimum due to COVID-19
- Purchased equipment related to COVID-19 mitigation
- Enhancement of Zendesk to Downhill Ski Resort

NEW MACHINERY AND EQUIPMENT FUND 2021 HIGHLIGHTS

- Focused on infrastructure enhancement and member services
- Zendesk expansion to Forestry and Architectural Standards Department
- New equipment/furnishing for facility enhancement

NEW EQUIPMENT FUND

	2020	2021
Balance	\$267,039	
Assessment	\$194,000	\$194,000
Interest Income	\$2,270	\$3,739
Expenditures		\$(190,000)
Capital Additions	\$(6,691)	
Balance (Through 8/31/20)	\$456,618	
Remaining 2020 Projected Expenditures	\$(82,739)	
Projected Balance (Through 12/31)	\$373,879	\$381,618

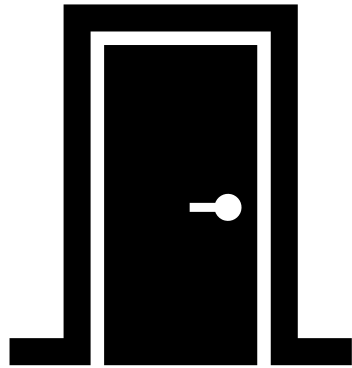
TAHOE DONNER DOWNHILL SKI RESORT



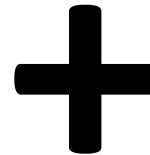
DOWNHILL SKI RESORT DEVELOPMENT FUNDING

Replacement of the Downhill Ski Resort lodge is currently being funded through both the Replacement Reserve Fund and the Development Fund.

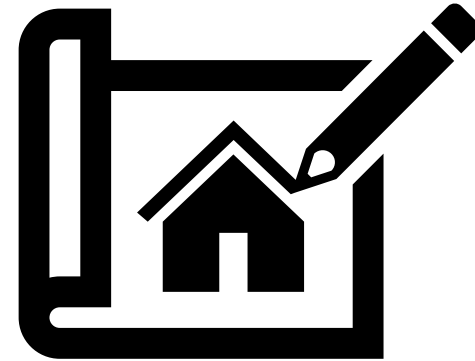
REPLACEMENT RESERVE FUND



Replacement of existing components of the lodge.
EX: doors, windows, roof, etc



DEVELOPMENT FUND



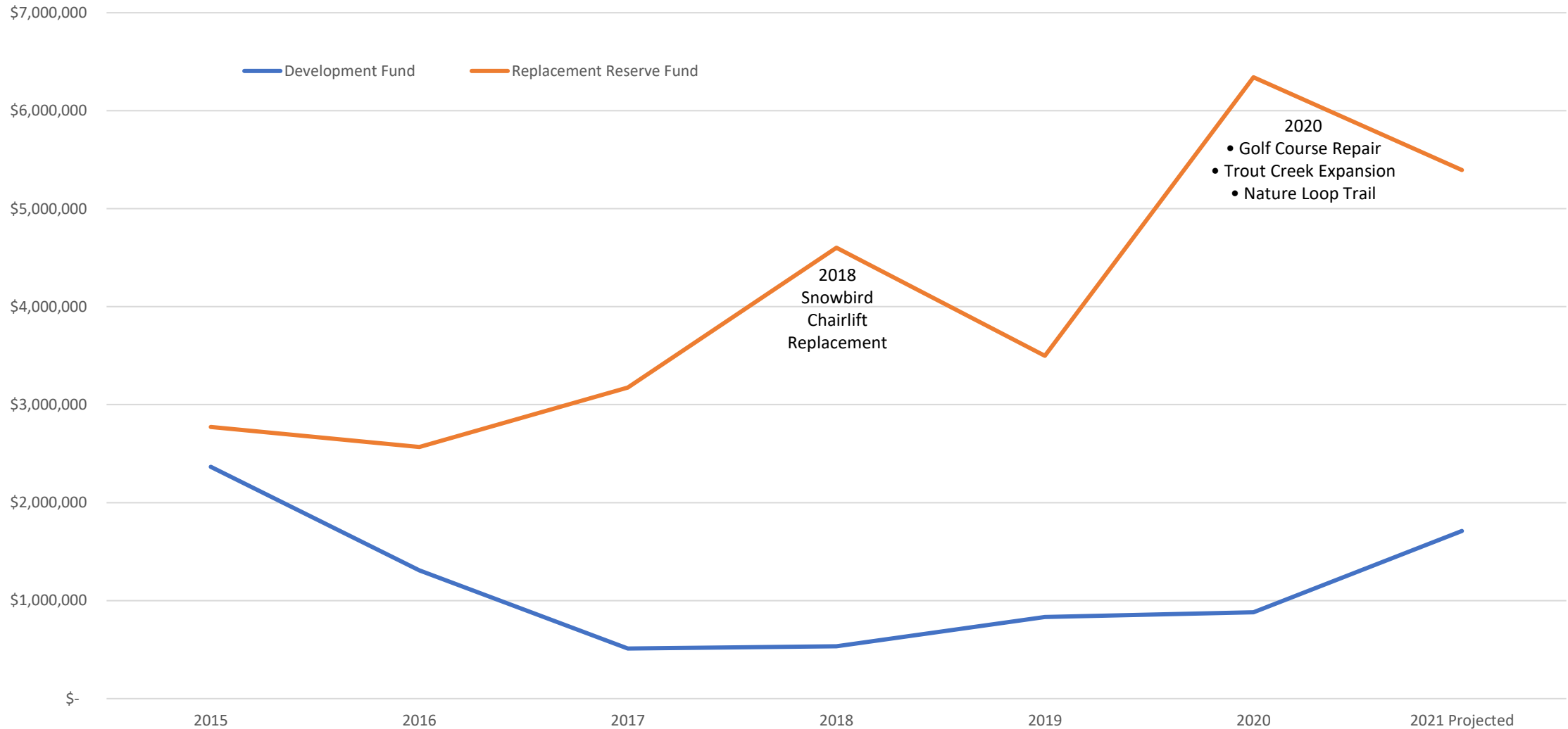
Replacement of the structure

DOWNHILL SKI RESORT DEVELOPMENT FUNDING

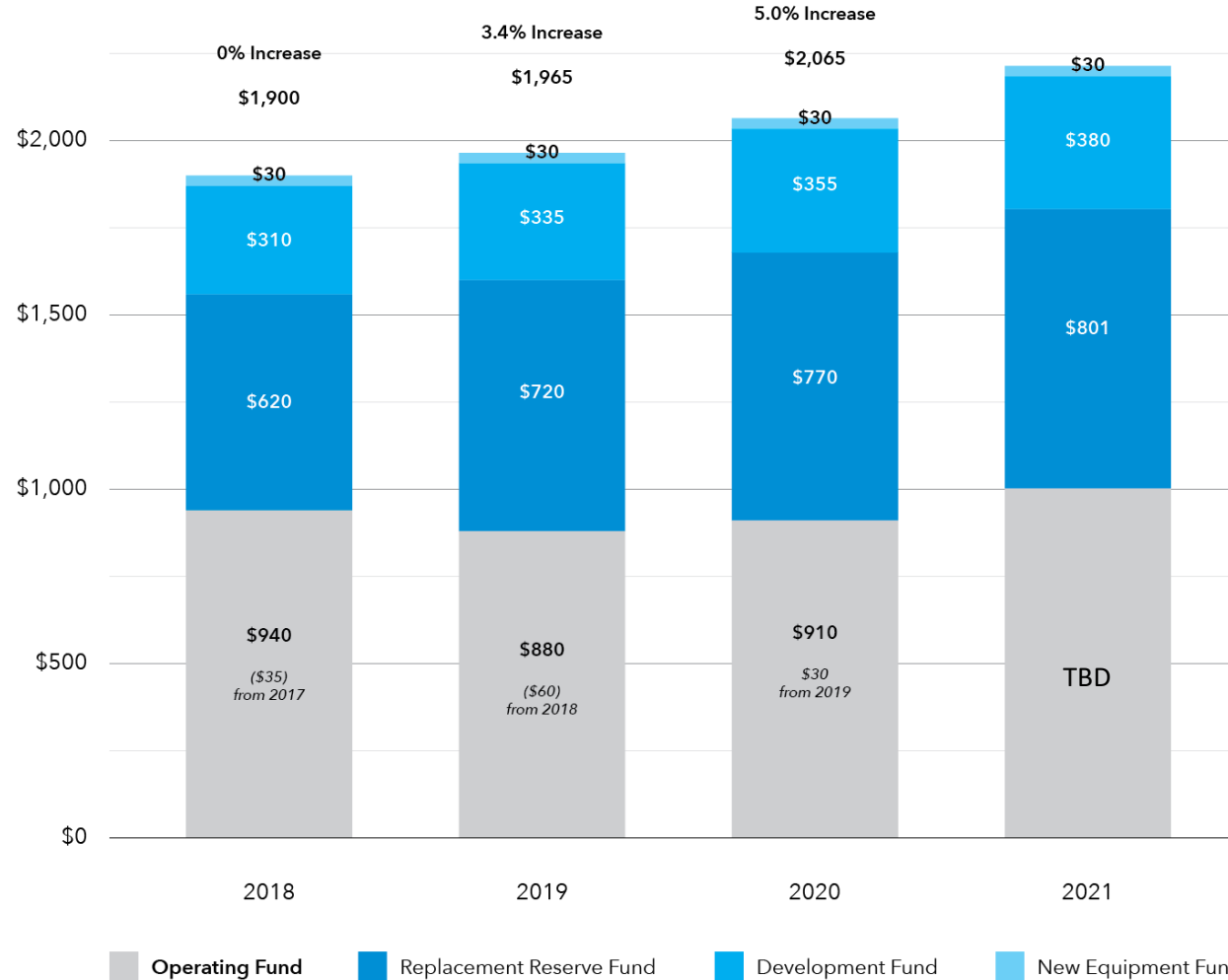
- The total Downhill Ski Resort Lodge components being reserved for is approximately \$3.5M future value, which is expected to be expended in 3 years. These funds may be applied to the building of a new lodge.
- Development Fund: approx. \$7.8M currently
 - No legal funding requirement for the Development Fund as there is with the Replacement Reserve Fund, so these funds may be spent as the association sees fit. That is, all can be spent on the new lodge.
- \$11.3M: Total funds currently available for new lodge



CAPITAL EXPENSES – 5-YEAR



CAPITAL PORTION OF THE ANNUAL ASSESSMENT – 3-YEAR DETAIL



USING STAFF'S CURRENT BUDGET ASSUMPTIONS, THE IMPACT TO THE:

- Replacement Reserve Fund portion of the budget is \$801, an increase of \$31 from 2020.
- The Development Fund portion of the budget is \$380, an increase of \$25 from 2020.
- The New Equipment Fund portion of the budget is \$30, an increase of \$0 from 2020.

NEXT MEETING'S FOCUS

- **UPDATED OPERATING FUND BUDGET**
- **UPDATED REPLACEMENT RESERVE CAPITAL BUDGET**
- **UPDATED DEVELOPMENT FUND CAPITAL BUDGET**
- **UPDATED NEW EQUIPMENT AND MACHINERY CAPITAL BUDGET**
- **TOTAL ANNUAL ASSESSMENT RECOMMENDATION**



QUESTIONS?

THANK YOU