

Tahoe Donner Association

Treasurer's Report for First Quarter 2024



May 24, 2024

Introduction

- This presentation is a brief update on the status of the Tahoe Donner Association (“TDA”, or the “Association”) cash and investment portfolio as of March 31, 2024
- The purpose of the Association’s investment portfolio is to provide funds to support (i) current operations, and (ii) the Association’s longer-term needs for renovation, replacement, improvement and expansion of TDA amenities and physical plant.

Summary

- The TDA cash and investment portfolio as of March 31, 2024, continues to be:
 - Comprised of very liquid, easily accessible investments;
 - Invested across a variety of conservative instruments including US Treasuries, money market funds, highly-rated US corporate and municipal bonds, CDs, and cash deposits at banks; and
 - Is fully compliant with the TDA Investment Policy.
- Overall, your Association is in very strong financial condition. Since the last report, we have
 - Continued to extend maturities given the rising rate environment;
 - Increased investment returns; and
 - Maintained our keen focus on credit quality.
- Our combined capital funds (Replacement Reserve, New Equipment and Development Funds) stand near the highest levels in the Association's history; we are well prepared for renewal of our ageing amenities.

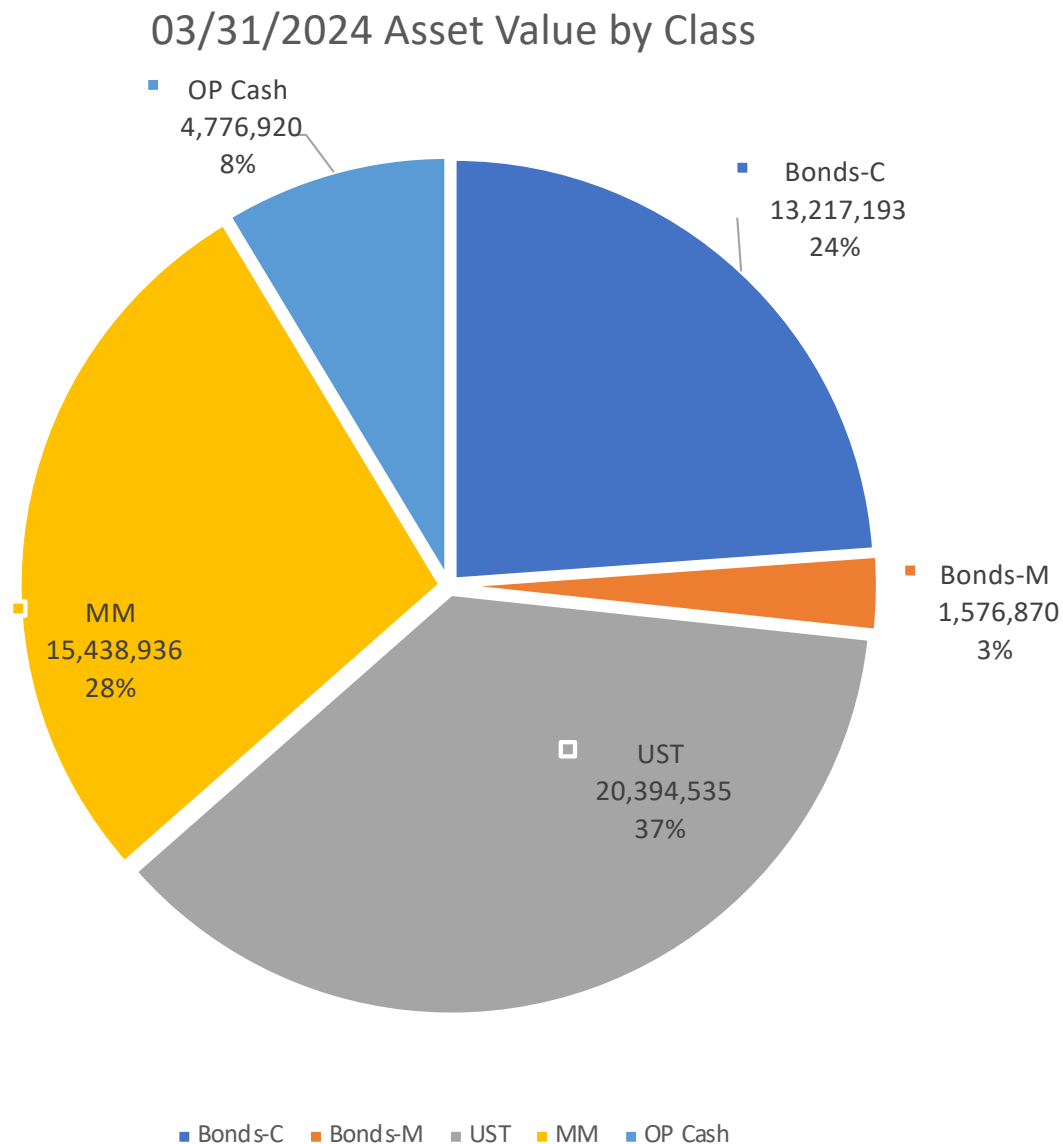
Cash and Investments - Fund Structure

- The Operating Fund accounts for the regular revenue and expense activities of the Association. Operating Cash is a subset of the Operating Fund.
- Three other funds, collectively referred to as our Capital Funds, support the Association's longer-term needs for maintenance, refurbishment and replacement of our plant and equipment.

Fund	3/31/24 (\$)	%	12/31/23 (\$)	%	12/31/22 (\$)	%
Operating	5,445,240	9.83%	2,915,583	6.60%	2,916,231	7.16%
Replacement Reserve	23,211,770	41.90%	19,528,548	44.21%	16,909,344	41.51%
Development	21,844,076	39.43%	16,328,922	36.96%	12,714,891	31.21%
New M&E	126,447	0.23%	25,480	0.06%	269,669	0.66%
Operating Cash	4,776,920	8.62%	5,376,509	12.17%	7,923,886	19.45%
Total	55,404,453	100%	44,175,042	100.00%	40,734,020	100.00%

Asset Allocation and Credit Quality

- The TDA investment portfolio continues to be invested in extremely safe, highly liquid instruments consistent with our “buy and hold” fixed income approach.
- Nearly 40% of the portfolio is invested in US Treasuries; the allocation to Treasuries increased after quarter end.
- Our exposure to highly rated corporate and municipal securities (representing 27% of the portfolio) provides diversification and better returns than Treasuries.
- 100% of our bond portfolio has at least one credit rating of A- or higher.



Portfolio Maturity Profile

- Market interest rates declined sharply in 2020 and 2021 due to the COVID-19 pandemic.
- In 2022 and into 2023 market interest rates increased steadily due to Federal Reserve Bank tightening. Since January 2022, the yield on 13-week US T-Bills has increased from 0.09% to 5.22% (as of May 19, 2024).
- Over the past 18 months we have gradually moved funds into longer-dated investments to increase investment income. The estimated weighted average maturity of the portfolio at 3/31/2024 is approximately 180 days compared to 175 days at 3/31/2023 (includes operating cash as an overnight investment).
- From January 1, 2024 through the end of March 2024, TDA staff re-invested \$15.8 Million into U.S. Treasury, municipal and corporate securities with a weighted average maturity of approximately 7.25 months and a weighted average yield of 5.11%.

Investment Returns

- TDA's investment income in the three months ended 3/31/2024 increased handsomely as compared to the first quarter of 2023. Investment income year to date was \$404,219 vs. \$167,424 in last year's first quarter.
- Year to date through March 31, the annualized return on the average portfolio (net of operating cash) was 3.60%.
- Market conditions permitting, the portfolio yield will continue to increase as we transition maturing investments into higher yielding instruments while remaining compliant with our conservative investment policy.

Issues and Opportunities

- Evaluate opportunities to lengthen the investment portfolio's weighted average maturity to drive higher income, while maintaining our strong focus on credit quality.
- Complete revisions to existing TDA capital funds policies (and if appropriate, create new capital funds policies) that will govern how and when we accumulate, invest and deploy our capital funds especially given new Community Associations Institute ("CAI") guidelines on reserve study standards.
- Thoughtful, focused planning now will allow us to replace ageing amenities while responsibly managing the growth rate of the the Annual Assessment.