

Tahoe Donner Association

Treasurer's Report for Second Quarter 2024



August 23, 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 June 30, 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.
- Investment of the the Association’s operating and capital funds is governed by the TDA Investment Policy, which contains the following investment objectives:
 - Protect the principal amount of our funds while attempting to maximize the rate of return;
 - Maximize the yield of all investments consistent with the Association's cash flow requirements;
 - Be appropriately diversified across issuers and investment types; and
 - Provide sufficient liquidity recognizing that we have operating needs (short term focus) and capital requirements (longer term focus).

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 income; and
 - Maintained our keen focus on credit quality.

Cash and Investments - Fund Structure

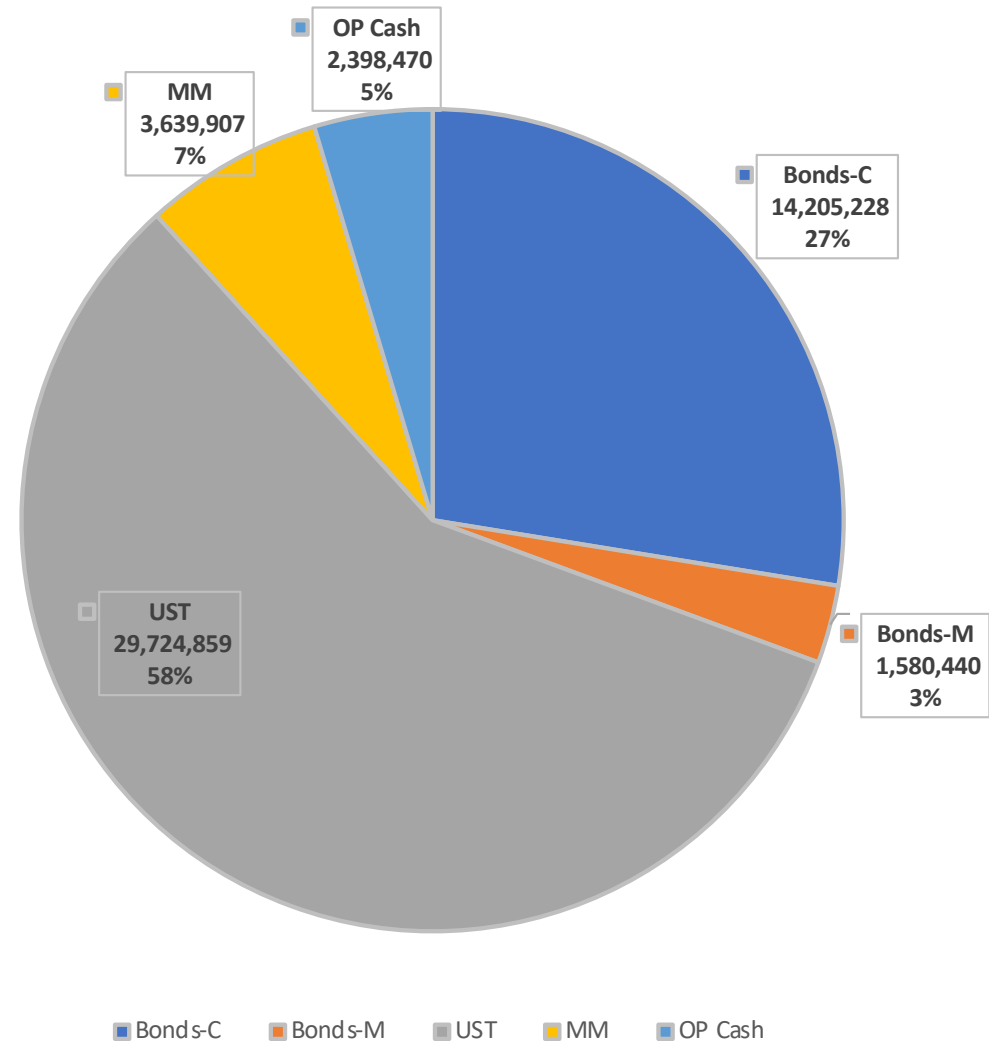
- The Operating Fund accounts for the regular revenue and expense activities of the Association. Operating Cash is a subset of the Operating Fund.
- Three other funds, collectively referred to as our Capital Funds, support the Association's longer-term needs for maintenance, refurbishment and replacement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

Fund	6/30/2024 (\$)	%	12/31/23 (\$)	%	12/31/22 (\$)	%
Operating	5,494,562	10.66%	2,915,583	6.60%	2,916,231	7.16%
Replacement Reserve	22,875,473	44.38%	19,528,548	44.21%	16,909,344	41.51%
Development	20,672,745	40.10%	16,328,922	36.96%	12,714,891	31.21%
New M&E	1,076,544	0.21%	25,480	0.06%	269,669	0.66%
Operating Cash	2,398,470	4.65%	5,376,509	12.17%	7,923,886	19.45%
Total	51,548,904	100%	44,175,042	100.00%	40,734,020	100.00%

Asset Allocation and Credit Quality

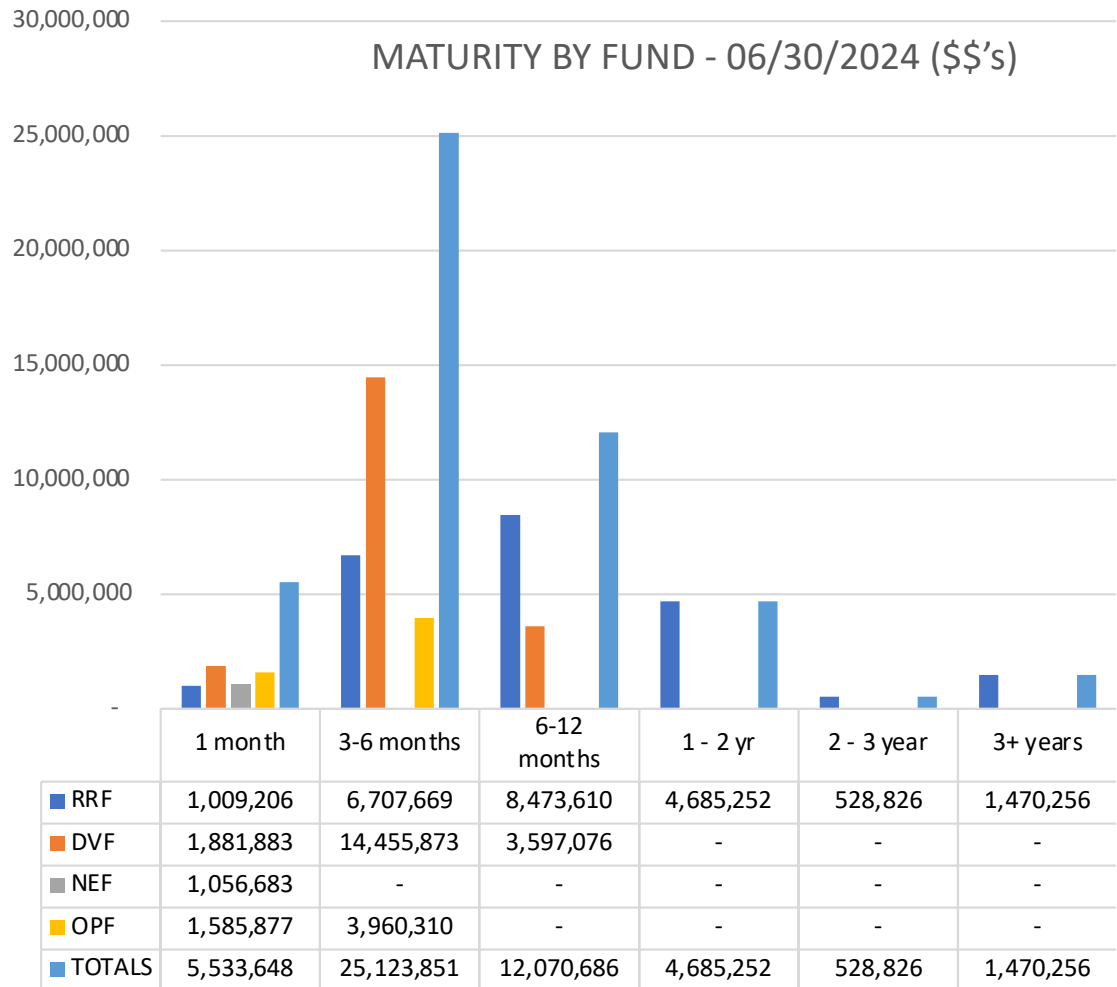
- The TDA investment portfolio continues to be invested in extremely safe, highly liquid instruments consistent with our “buy and hold” fixed income approach.
- Nearly 60% of the portfolio is invested in US Treasuries; the allocation to Treasuries increased from year end 2023.
- Our exposure to highly rated corporate and municipal securities (representing 30% 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.

ASSET VALUE BY CLASS 6/30/2024



Portfolio Maturity Profile

- 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 206 days compared to 175 days at 3/31/2023 (includes operating cash as an overnight investment).
- In the second quarter, TDA staff re-invested \$20.85 Million into U.S. Treasury, municipal and corporate securities with a weighted average maturity of approximately 8 months and a weighted average yield of 5.17%.



Investment Returns

- TDA's investment income in the six months ended 6/30/2024 increased handsomely as compared to the first half of 2023. Investment income year to date was \$677,281 vs. \$293,371 in the first half of last year.
- Year to date through June 30, the annualized return on the average portfolio (net of operating cash) was 3.06%, vs. 3.60% in the first quarter of 2024.
- 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 and liquidity requirements.

Issues and Opportunities

- 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.
- Complete the 2025 Budget process with a particular focus on improving each of our businesses’ operating performance so as to responsibly manage the growth rate of the annual assessment.
- Evaluate opportunities to lengthen the investment portfolio’s weighted average maturity to drive higher income, while maintaining our strong focus on credit quality and liquidity.