

An aerial photograph of a resort facility, likely a golf and country club. The image shows several swimming pools of varying sizes, a large clubhouse with a green roof, and a playground area with colorful equipment. The resort is surrounded by dense green trees and a parking lot with several cars. The text "CAPITAL FUNDS POLICIES UPDATE" is overlaid in large, bold, black letters across the center of the image.

CAPITAL FUNDS POLICIES UPDATE

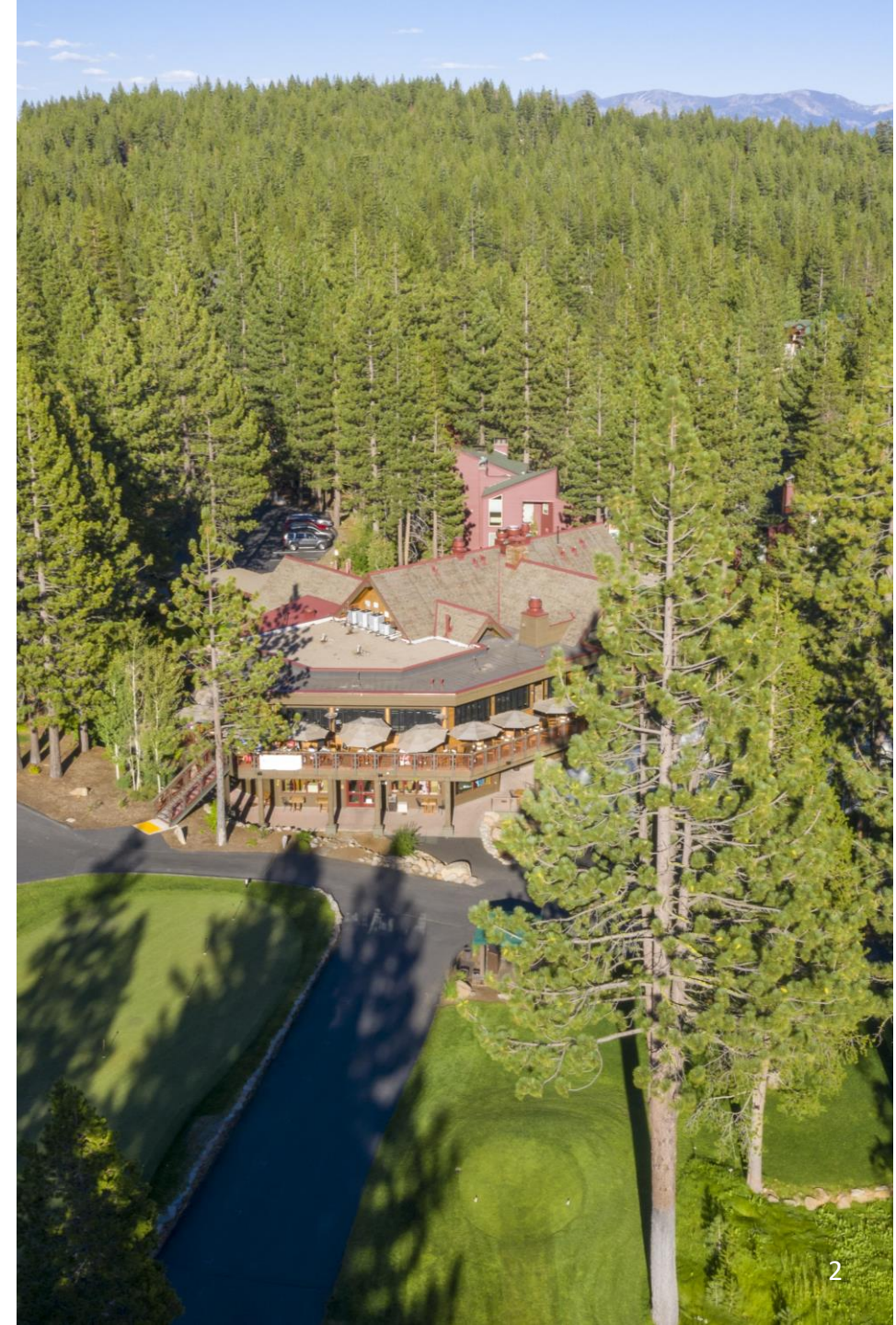
OCTOBER 25, 2024, BOARD OF DIRECTORS MEETING



TAHOE DONNERSM

PROJECT OUTCOMES

- 2024 Annual Strategic Objective implemented
- The Capital Funds Policies and associated Funding Plans and/or Projections are updated
- An implementation plan is provided if there are changes to the funding plan and assessment projections
- Organizational alignment on long-range financial planning and policy implementation
- Policy adoption in time for the 2025 budget process (August – October 2024). ***Policy adoption timeline amended due to capacity constraints in June-Oct. Targeting year-end for draft policies.***



PROJECT OBJECTIVES

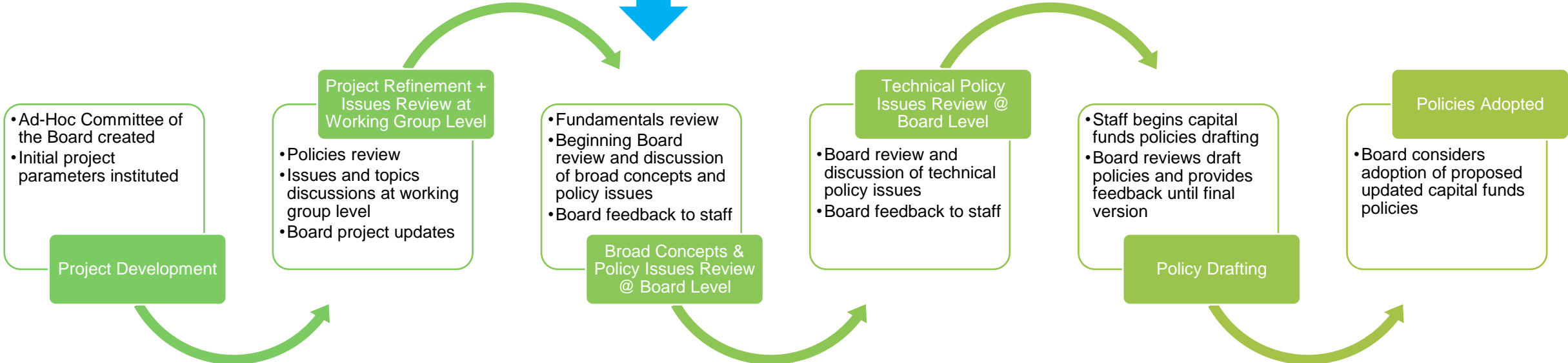
Updated and revised with Board feedback from the 4/30/24 workshop

- Clarify and communicate the Association's legal obligation for planning, saving, and the expenditure of capital improvement reserve funds
- Align and integrate the 2023 Community Association Institute (CAI) Reserve Study Standards with policies
- Create an effective facility replacement policy and funding plan within existing reserve funds or an alternative
- Develop a sustainable and more normalized capital funding plan
- Define a transition plan to grow into savings that creates a more normalized Annual Assessment
- Define all terminology and update policies to reflect adopted procedures and process



CAPITAL FUNDS POLICIES UPDATE – PATH TO POLICY

We Are Here



PICKING UP WHERE WE LEFT OFF

With the completion of the annual budget process and the Amenity Access Rule Change initiative, we will reignite the Capital Funds Policies Update initiative driving for a final draft by year-end.

April 30, 2024 Special Board Meeting – Capital Funds Workshop

- The board meet and provided guidance to staff and the working group. See next slide bullet No. 5.

Staff and Working Group Meeting(s) – May/June

- Discussion and refinement of financial models



BOARD GUIDANCE WRAP-UP

Based on the workshop discussion and after member comments, the Board will review a summary of the preliminary guidance developed and accept or modify it as final guidance.

1. Capital funds policies update outcomes & objectives: **The Board concurs with the Outcomes. The Board concurs with the Objectives with a change to the last bullet replacing “current” with “adopted.”**
2. Component eligibility criteria: **The Board concurs with the applied CAI Reserve Standards strawman components selection process.**
3. Long-life components and methodology for the RRF: **The Board concurs with Option B as the long-life methodology that TDA will use as follows: Addition of long-life components with funding at the time when they fall within the 30-year period from the date of study preparation. The 30+ year components will be inventoried.**
4. Where facility replacement should be planned and funded: **A majority of the Board is favorable to the creation of a new facility renewal fund.**
5. Funding horizon principles for facility renewal: **The Board directs staff and the working group to develop financial models for a custom funding approach, subject them to stress testing and return to the Board with a recommendation.**

NEXT STEPS

Below summary lays out the tentative next steps to complete the initiative.

Working Group Session(s)

- Restart and refresh information with updated capital schedules coming out of the budget process

Board Workshop

Concepts to include:

- Development Fund – Other Capital Improvements
- New Equipment Fund – Should it stay or be wrapped up with the Development Fund?
- Technical aspects of the Capital Funds Policies Update
 - Funding adequacy measures
 - Cost estimation and annual updates
 - Inflation and contingency factors

Initial Draft Policies

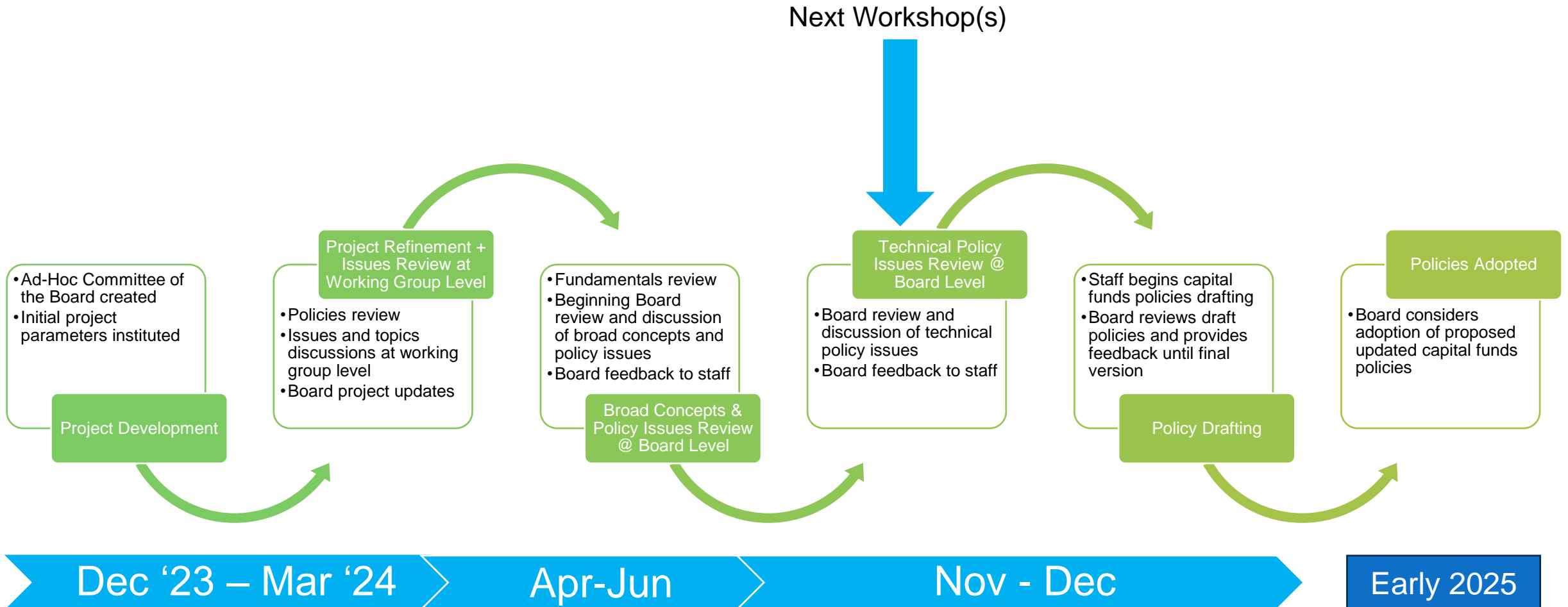
- Staff and certain working group members to develop initial draft policies
- Work group session to review of initial draft policies
- Finance Committee review of initial draft policies

Board Workshop: review of initial draft policies and provide feedback

Board Meeting Action Item: The Board will consider adopting proposed Capital Funds policies as drafted or with modifications.



CAPITAL FUNDS POLICIES UPDATE – PATH TO POLICY



THANK YOU