

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-##**

RESERVE STUDY FUND POLICY

WHEREAS, Administrative Resolution 2025-##, the General Policy on Capital Reserve and Capital Improvements, requires that the Board of Directors establish and maintain individual policies for all capital reserve funds established and maintained by the Association,

WHEREAS, the following constitutes the Reserve Study Fund Policy of Tahoe Donner Association and supersedes all previously approved Replacement Reserve Fund policies, up to and including Administrative Resolution 2019-1;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association approves and adopts the following Reserve Study Fund Policy:

I. PURPOSE

Reserve Study Fund: The Reserve Study Fund (RSF), which is based on the Association’s Reserve Study, is a reserve account used to plan and provide funding for the repair, restoration, replacement, or maintenance of existing Capital Assets. Consistent with the Community Associations Institute’s Reserve Study Standards:

- Maintenance shall be understood to include preventative and corrective maintenance.
- Replacement shall be understood to include Logical Upgrades.

The RSF includes two sub-funds:

- The Repair and Replacement Fund (RRF) includes Capital Assets that have a Total Useful Life of 30-years or less.
- The Long Life Fund (LLF) includes Capital Assets that have a Total Useful Life in excess of 30 years, including “life-of-the-building”¹ components. “Life-of-the-building”

¹ For the purposes of this policy and the Reserve Study, the phrase “life-of-the building components” as used by the State of California Department of Real Estate and “long life components” as used by the Community Associations Institute shall be understood as synonyms.

components include, without limitation, foundations, building frames, roof structures, utilities, engineered drainage, and bridges, up to and including full facility replacement.

II. RESERVE STUDY FUND MINIMUM BALANCE

For contingency purposes,² a total minimum combined balance for the RSF and its sub-funds will be maintained that equates to 15% of the Association's Net Property and Equipment, as documented in the prior year's Independent Auditor's Report and accompanying year-end financial statements.

Board approval shall be required to draw down below this minimum. Such approval may only be accomplished at a properly noticed meeting of the board, and with the following conditions met:

- The published agenda for the meeting of the board must explicitly state that the board will consider drawing down the reserve below its minimum balance.
- The decision to draw down the reserve below its minimum balance may only be made following reasonable time allowed for member comment.

Further, the drawing down of the reserve below its minimum balance may not be completed unless and until the board issues a written finding, recorded in a board approved corporate resolution, explaining why the action is warranted and how the action will affect capital reserve fund balances and cash flows.

III. REPAIR AND REPLACEMENT FUND

A. FUNDING

The annual allocation to the RRF will be recommended to the Board by the General Manager based on the results of the updated Reserve Study as part of each year's annual budget process.

The annual RRF assessment allocation shall be increased annually by a minimum of the most recently published 12-month San Francisco CPI plus 5% until the Percent Funded level exceeds 25% of the Capital Improvements designated in the 30-Year Expenditure Report.

Once 25% funded or greater is achieved, the current year's funding level must consider the RRF's future years percent funded and cash balances in order to mitigate year-to-year variability in capital reserve allocations.

IV. LONG LIFE FUND

² Restated Bylaws of Tahoe Donner Association, Article XII, Section 5(a)(ii).

A. FUNDING

The annual allocation to the LLF will be recommended to the Board by the General Manager based on the results of the updated Reserve Study as part of each year's annual budget process.

The annual contribution to the LLF will normally be one-twentieth (1/20), or twenty percent (20%), of the Capital Improvements designated in the Long Life Expenditure Report. However, funding shall be adjusted upward or downward as required to ensure that the LLF meets 100% of the LLF cash flow requirements within the 10-year funding horizon.

The current year's funding level must consider the LLF's future years balances and cash flow requirements in order to mitigate year-to-year variability in capital reserve allocations.

V. REPORTING

The Annual Budget Report shall also include a summary of the results of the Reserve Study, the funding level being allocated to the Reserve Study Funds, the planned uses of those funds for the coming year, and other required disclosures.

VI. EXPENDITURES

There are no special expenditure requirements particular to the RSF beyond the regular expenditure requirements defined in Administrative Resolution 2025-##, the General Policy on Capital Funds and Capital Improvements.

VII. IMPLEMENTATION

Through the annual budget process, staff shall develop and the Board shall adopt a plan to achieve all funding minimums and funding targets associated with this policy no later than January 1, 20##.

VIII. APPROVAL

Approval of the Reserve Study Funds Policy and any changes, amendments, or modifications thereafter, may only be accomplished at a properly noticed meeting of the Board, with reasonable time allowed for member comment.

ACCEPTED AND DATED: Month ##, 2025