

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

DEVELOPMENT FUND POLICY

WHEREAS, Administrative Resolution 2025-##, the General Policy on Capital Reserves 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 Development Fund Policy of Tahoe Donner Association and supersedes all previously approved Development Fund policies, up to and including Administrative Resolution 2017-3, and all previously approved New Equipment Fund policies, up to and including Administrative Resolution 2017-4;

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

DRAFT

I. PURPOSE

Development Fund: The Development Fund¹ (DF) is a reserve umbrella account used to provide funding for Capital Improvements resulting in new Capital Assets. The DF includes two sub-funds:

- The Community Improvement Fund (CIF) is used to provide funding for new Capital Projects. Such Capital Projects include without limitation:
 - Real estate acquisitions, including land purchases
 - New facility development
 - Existing facility upgrades and additions that do not qualify for RSF funding
- The New Equipment Fund (NEF) is used to provide funding for new Capital Improvements that are not considered and/or cannot be considered a Capital Project or a component of a Capital Project (i.e. Capital Improvements listed in the New Equipment Plan). These Capital Improvements include without limitation the acquisition,

¹ The original 1971 Declaration of Covenants and Restrictions required the Association to establish, and empowered the Association to fund, so-called Development Funds for the following purpose: “to provide for the development of those facilities, in addition to those conveyed to the Association by Declarant, which the Association may from time to time require.” The Development Fund concept was retained in the 1993 Declaration of Covenants and Restrictions and in the 1993 Restated Bylaws.

installation, and upgrading of furniture, fixtures, vehicles, machinery, equipment, and technology that do not qualify for RSF funding, and that provide for:

- More efficient and effective operations.
- The enhancement or expansion of services, programs, and activities to benefit member value, enjoyment, and experience.

II. COMMUNITY IMPROVEMENT FUND (CIF)

A. FUNDING

The annual contribution to the CIF will normally be one-tenth (1/10), or ten percent (10%), of the CIF portion of the Capital Projects designated in the Association's 20-year Capital Projects Plan. However, funding shall be adjusted upward or downward as required to ensure that the CIF meets 100% of the CIF cash flow requirements within the 10-year funding horizon.

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

B. MINIMUM BALANCE

For contingency purposes,² a minimum balance for the CIF will be maintained that equates to 5% 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. NEW EQUIPMENT FUND (NEF)

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

A. FUNDING

The annual contribution to the NEF will normally be determined to ensure that the NEF meets 100% of the NEF cash flow requirements within a 1-year minimum funding horizon.

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

B. MINIMUM BALANCE

For contingency purposes,³ a minimum balance for the NEF will be maintained that equates to 0.2% 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.

IV. REPORTING

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

V. EXPENDITURES

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

VI. 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##.

VII. APPROVAL

³ Restated Bylaws of Tahoe Donner Association, Article XII, Section 5(a)(ii).

Approval of the Development Fund 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

DRAFT