

CAPITAL + FINANCIAL POLICIES UPDATE INITIATIVE

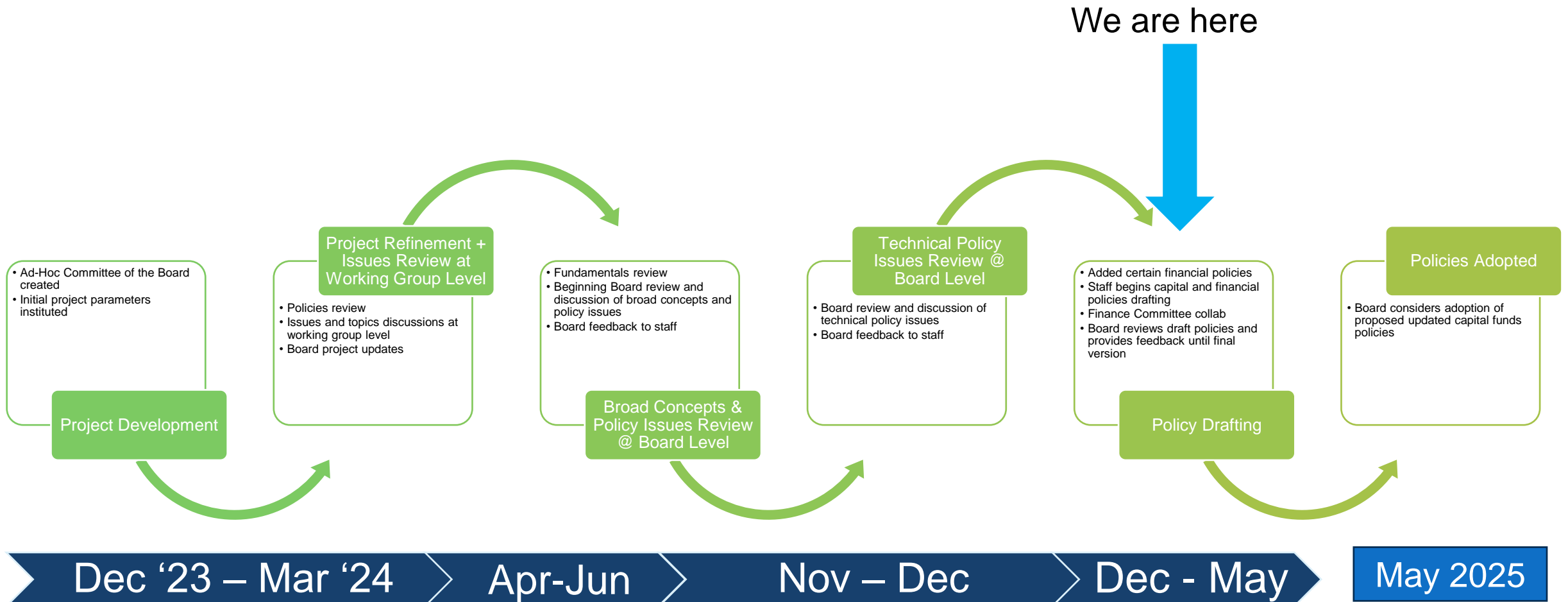
APRIL 25, 2025

MEETING OVERVIEW

- Follow-up on the 4/21/25 special board meeting
- Board and Finance Committee discussion and feedback to the Working Group on proposed draft updates to Tahoe Donner's capital and financial policies, with a particular focus on the following:
 - Operating Fund Policy



POLICIES UPDATE – PATH TO POLICY



DISCUSSION

DISCUSSION FOCUS: Operating Fund Policy

- Operating Fund Principles
 - Do we need to add, subtract, or edit the draft principles?
- Revenue and Expense Analysis
 - Do we want to continue to include this section?
 - If yes, for what purposes and how should it be implemented?
- Operating Fund Contingency Reserve (OFCR)
 - Use Purposes
 - Are the allowable uses appropriate and sufficiently described?
 - Are there any other uses that should be considered eligible for OFCR funding?
 - Funding Mechanism
 - If the OFCR is funded exclusively through Operating Fund surpluses, should the fund principles provide additional guidance to clarify overall revenue expectations?
 - Should we consider alternative approaches to operating contingency planning? For example, could we establish a minimum Operating Fund balance?
- Use of Operating Fund Surpluses
 - Are the uses appropriate and sufficiently described?
 - Are there any other purposes that should be considered eligible for Operating Fund surpluses?

GENERAL QUESTIONS

- Are there any points of confusion about the drafts that require discussion or clarification?
- Do we need to add any terms to the glossary?
- Does the board have any specific questions or concerns that should be addressed at subsequent meetings?
- What other feedback does the Board and Finance Committee wish to provide to the Working Group?



NEXT STEPS

- Working Group finalizes the draft policy proposals
 - Integrate feedback from the April board meetings and Special Finance Committee meeting
 - Complete Investment Policy minor update
 - Finalize capital funding and transition plan recommendations
- Upcoming Scheduled Board Meetings
 - Special Meeting: May 13, 2025
 - TBD: If needed to further review policies
 - Regular Board Meeting: May 23, 2025
 - Overall policy package discussion and potential adoption

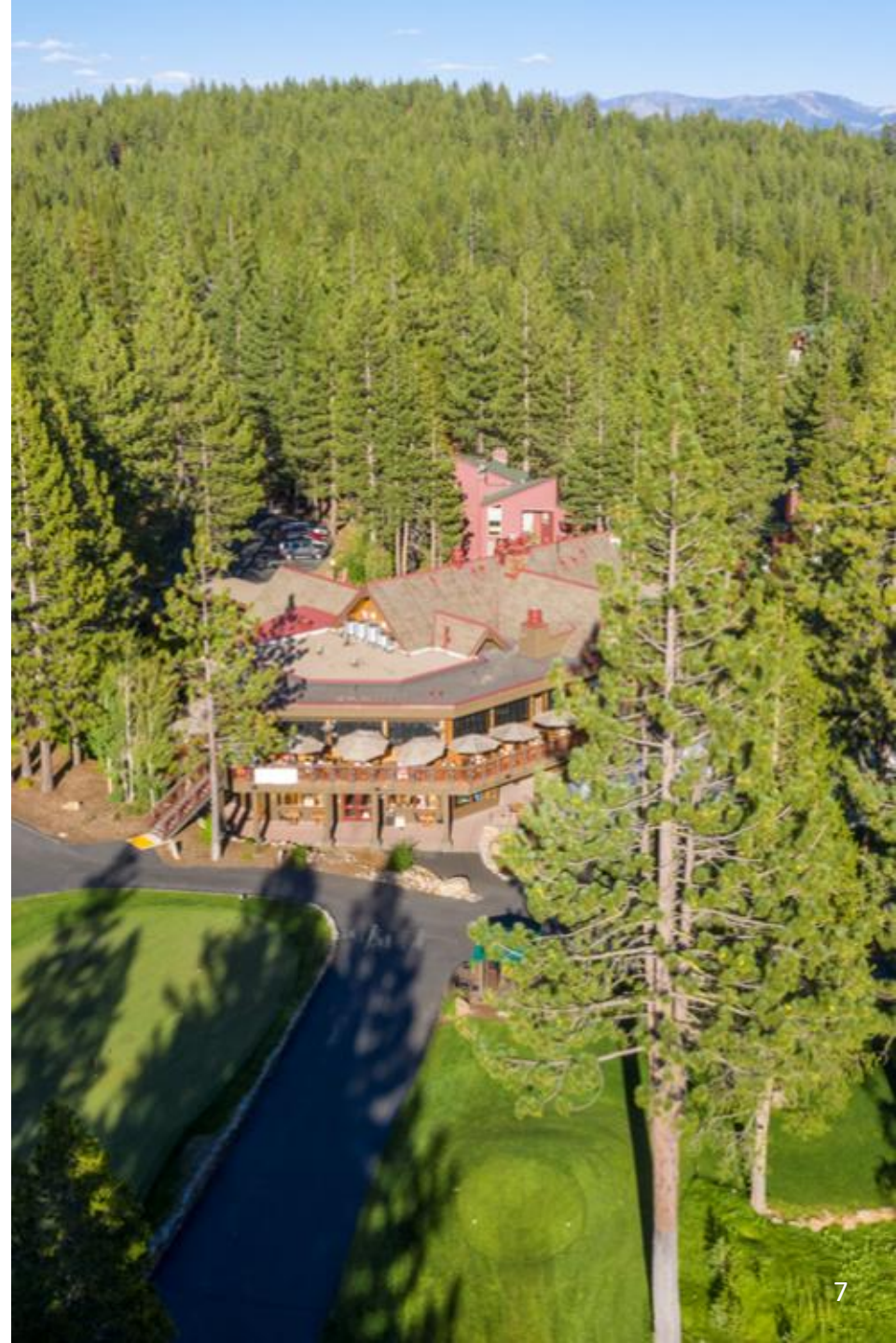


PROJECT BACKGROUND MATERIALS

PROJECT OUTCOMES

Updates since the 2/28/25 board meeting.

- 2024 and 2025 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). *The policy adoption timeline was amended in 2024 due to capacity constraints. Targeting the first half of 2025.*
- ***New: Include other Capital and Financial Policy updates identified in the Multi-Year Policy Review and Update Schedule as part of the initiative.***



PROJECT OBJECTIVES

- 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 processes

