

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-4**

CAPITAL AND FINANCIAL POLICIES UPDATE

WHEREAS, the Board of Directors adopted Tahoe Donner's 2021-2026 Five Year Strategic Plan ("Plan") on January 22, 2021;

THE Plan's Strategic Initiative 3 reads: "Tahoe Donner achieves a high level of member satisfaction and is governed and managed in an efficient and cost-effective manner that protects homeowner investments and provides members a good value from association-owned assets, annual assessments and user fees." As a specific goal, this initiative states that Tahoe Donner should "adhere to good governance and management principles and practices."

WHEREAS, on October 10, 2024 the Board of Directors adopted the Tahoe Donner 2025 Strategic Objectives, which includes a goal to review and update the Association's policy resolutions to ensure that they "serve current and future needs," and to update the Association's capital reserve policies to "align with long-range capital improvement planning and the annual budget process."

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association does hereby move to:

Rescind the following Administrative Resolutions:

1. Administrative Resolution 1998-7, General Policy Regarding Capital Investments in Association Amenities
2. Administrative Resolution 2014-1, Financial Planning, Budgeting, and Reporting
3. Administrative Resolution 2015-1, Capital Asset Policy
4. Administrative Resolution 2016-9, Authorization Levels Policy
5. Administrative Resolution 2017-3, Development Fund Policy
6. Administrative Resolution 2017-4, New Equipment Fund Policy
7. Administrative Resolution 2019-1, Replacement Reserve Fund Policy
8. Administrative Resolution 2020-7, Investment Policy
9. Administrative Resolution 2023-4, Operating Fund Policy

Approve and adopt the following Administrative Resolutions:

1. Administrative Resolution 2025-5, Financial Lexicon Policy
2. Administrative Resolution 2025-6, Capital Asset Policy
3. Administrative Resolution 2025-7, Annual Budget Development Process Policy
4. Administrative Resolution 2025-8, General Policy on Capital Reserves and Capital Improvements
5. Administrative Resolution 2025-9, Reserve Study Fund Policy
6. Administrative Resolution 2025-10, Development Fund Policy
7. Administrative Resolution 2025-11, Operating Fund Policy
8. Administrative Resolution 2025-12, Authorization Levels Policy
9. Administrative Resolution 2025-13, Investment Policy

Additionally, for the first two years following adoption of this Capital and Financial Policies Update resolution, the Board shall annually review the nine Administrative Resolutions hereby approved and adopted to consider updates, refinements, and technical modifications. This annual review shall be conducted following the conclusion of the Annual Budget Development Process.

ACCEPTED AND DATED: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED: _____

COURTNEY MURRELL, Secretary

DRAFT

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-5**

FINANCIAL LEXICON POLICY

WHEREAS, the Association supports effective financial communication between the Board of Directors, management, the committees, and the Association Members;

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

I. PURPOSE

The purpose of the Financial Lexicon Policy is to:

- Establish a common understanding of relevant financial terminology, and;
- Support more effective financial communication between the Board of Directors, management, the committees, and the Association Members.

II. SCOPE AND APPLICATION

The terminology and definitions contained in this policy shall be the recommended and preferred terminology and definitions for use in all official and/or formal Association financial communications, including financial policies, publications, reports, and presentations.

III. CONSISTENCY WITH LAW AND OTHER STANDARDS

If the terminology or definitions contained in this policy are found to conflict with the terminology or definitions in the Governing Documents, the terminology and/or definitions found in the Governing Documents shall prevail, and this policy shall be updated as soon as practicable to remedy the inconsistency.

Recognizing that terminology and definitions may need to be adapted to fit Tahoe Donner's unique needs and circumstances, the terminology and definitions in this policy should align as appropriate and to the extent possible with applicable legal, financial, or other industry terminology or definitions (e.g. with California legal code, generally accepted accounting principles ["U.S. GAAP"], and the Community Associations Institute Reserve Study Standards).

IV. FINANCIAL LEXICON

Association Fund, Capital Reserve, Umbrella Fund, Sub-Fund

Association Fund: A sum of money or other liquid assets whose principal and/or interest is established by the Association for a specific purpose. The term Association Fund shall apply to any Umbrella Fund, Sub-Fund, Operating Fund, or any other comparable fund that the Association deems necessary to carry out its purposes.

Capital Reserves: Consistent with California Civil Code §4177, Capital Reserves (i.e. “Reserve Accounts”) shall be defined as funds that the board has identified for use to defray the future repair or replacement of, or additions to, Major Components.

Umbrella Fund: An Association Fund that includes one or more subsidiary Association Fund (i.e. “Sub-Fund”).

Sub-Fund: A subsidiary Association Fund established under an Umbrella Fund, such that the Sub-Fund may provide for specific purposes and for specific investing and funding strategies that differ from other Sub-Funds that may exist under the same Umbrella Fund.

Asset, Capital Asset

Asset: Tangible or intangible property owned or leased by the Association that is to be used by the Association over a period of time greater than one year.

Capital Asset: Association Assets that have a value greater than or equal to five thousand dollars (\$5,000), either on an individual unit basis or on an aggregate group basis.

Major Component

~~**Major Component:** Major Components are also known as “Major Components” in the Governing Documents and the Davis Stirling Act, and as “Components” in the Community Associations Institute’s 2023 Reserve Study Standards.~~

Major Component:

Major Components are the individually listed items included in the Reserve Study.

These items include, but are not limited to the Assets that the Association is obligated to repair, restore, replace, or maintain and for which the Capital Reserves are established.¹

To qualify as a Major Component, Assets must have a value greater than or equal to two thousand dollars (\$2,000), either on an individual unit basis or on an aggregate group basis.

Additionally, Major Components typically include any work or element that satisfies the Reserve Study Component Selection Guidelines published in the Community Associations Institute's Reserve Study Standards (e.g. preventive or corrective repair and maintenance of Major Components).

Consistent with these Reserve Study Standards, all items that minimally satisfy the following three-part test shall be considered Major Components:

1. The Association has the obligation to maintain or replace the element.
2. The need and schedule for this work can be reasonably anticipated.
3. The total cost for the work is material to the Association, can be reasonably estimated, and includes all direct and related costs.

Total costs shall be considered "reasonably estimated" once order of magnitude cost estimates are ascertainable.²

The total cost shall be considered material if the total cost is greater than or equal to two thousand dollars (\$2,000).

Major Components are known as "Major Components" in the Governing Documents and the Davis Stirling Act, and as "Components" in the Community Associations Institute's 2023 Reserve Study Standards and in the State of California Department of Real Estate's 2010 Reserve Study Guidelines for Homeowners Association Budgets.

Capital Improvement, Capital Project, Significant Capital Project

Capital Improvement: The (1) acquisition or creation of a new Major Component or (2) any change that increases the value and/or benefits of an existing Major Component, provided the increased value and/or benefits are neither consumed nor expire within one

¹ See California Civil Code §§5550 and §5510.

² See the General Policy of Capital Reserves and Capital Improvements, Section X(g) regarding Capital Project order of magnitude cost estimates.

year. Examples of increased value and/or benefits include, without limitation, any of the following:

1. An extension of the Useful Life of the Major Component.
2. An increase in the operating efficiency and/or effectiveness of the Major Component resulting in a decrease in future operating costs and/or another benefit.
3. An increase in the functionality, quality, quantity, and/or assortment of goods, services, or other benefits provided by the Major Component.

The term Capital Improvement shall also include Ancillary Capital Costs and any costs associated with the acquisition and installation of any machinery, equipment, furnishing, fixtures or other Major Components connected to and acquired and installed in conjunction with a Capital Improvement.

Capital Project: Any Capital Improvement that satisfies one or more of the following criteria:

1. It provides for the construction, modification, enhancement, replacement, reconstruction, remodeling, renovation, addition, improvement, acquisition, or installation of an Association structure, building or Common Facility.
2. It provides for the acquisition of real property, including land or building purchases.
3. It provides for the stewardship, preservation, remediation, improvement, or acquisition of Common Area or Other Association Real Property.

Additionally, if repair and maintenance work is of such a nature that the work qualifies as a Capital Improvement, that work may be considered a Capital Project if it also satisfies one or more of the above listed criteria.

Acquisition in this context shall be understood to include both ownership and the acquisition of other legal interests or rights.

Significant Capital Project: Any Capital Project deriving funding in whole or in part from the New Capital Project Fund and/or the Long Life Fund. Hence, all Capital Projects listed in the New Capital Projects Plan and/or the Long-Life Expenditure Plan shall be considered Significant Capital Projects.

Additionally, at the discretion of the Board and as recommended by management, other Capital Projects may be designated Significant Capital Projects if those projects

significantly affect or alter Member use, service, or experience, revenue expectations, involve significant capital costs, or otherwise significantly affect the community (e.g. Capital Projects funded by RRF that significantly remodel facilities or large-scale IPP Capital Projects).

Common Area, Common Facility, Other Association Real Property

Common Area: This term is defined by First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 8.

Common Facility: This term is defined by First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 10.

Other Association Real Property: This term is defined by First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 25.

Useful Life

Useful Life: The total time period from Major Component creation/acquisition to renewal/disposal during which a Major Component can be expected to perform its intended function if properly constructed and presuming proactive, planned, preventive maintenance.

Remaining Useful Life: The currently expected Useful Life of a Major Component remaining before planned/expected renewal/disposal.

Other Terminology

Ancillary Capital Costs: Costs for services or activities performed or other costs incurred that are directly attributable to a Capital Improvement, and that are necessary to place a Major Component into its intended state of operation. These costs include, but are not limited to, research, inspection, planning, design, development, third-party consultation, authorization, project management, permitting, set up, installation, site preparation, freight and transportation, search costs, liens assumed, grading costs, legal and other professional fees, and taxation.

Annual Budget Development Process: See the Annual Budget Development Process Policy.

Association: Association (or “TDA”) refers to Tahoe Donner Association, a California nonprofit mutual benefit corporation.

Capital Expenditure: Monies used to pay for Capital Improvements. Capital Expenditures are calculated as Capital Improvement costs less *expensed* Ancillary Capital Costs.

Capital Improvement Schedule: All Association plans and timelines for future Capital Improvements. Capital Improvement Schedules typically include anticipated timing, scope and cost.

Capital Reserve Specific Policy: See the Sections VI and VII of the General Policy On Capital Reserves and Capital Improvements.

Common Expense: This term is defined by First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 9.

Logical Upgrade: Capital Improvements to existing Major Components that address one or more of the following conditions:

- Altered or upgraded building codes and standards or other legal regulations.
- Altered or upgraded industry standards.
- Functional obsolescence, inefficiency, or otherwise no longer effectively serving the needs of the Association.

Member: Member shall be defined consistent with the Amenity Access Rule, unless the context requires otherwise.

Member Comment: Member Comment shall refer to time set aside during an open board meeting to permit any Member to address the board. A reasonable time limit for all Members to address the board shall be established by the board president.

Net Operating Result (NOR): The difference between operating revenues and operating expenses, excluding taxes, interest, and other non-operating items (e.g. capital charges or allocated overhead).

Total Estimated Replacement Cost: **STAFF IS STILL WORKING ON THIS**
DEFINITION The estimated cost (in current dollars) to replace an existing facility, including Logical Upgrades, contingency and inflation.

Total Property and Equipment: Total property and equipment before accumulated depreciation, as documented in the prior year's Independent Auditor's Report.

Percent Funded: The ratio, at a clearly identified point in time, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.³

Property Holdings Record: A record of the Association's Capital Assets and the accumulated depreciation and depreciation expenses associated with those Capital Assets.

Acronyms

- CFP: Capital Funds Projection (General Policy On Capital Reserves and Capital Improvements)
- DF: Development Fund (General Policy On Capital Reserves and Capital Improvements)
- IPP: Interagency Partnership Plan (General Policy On Capital Reserves and Capital Improvements)
- LLF: Long Life Fund (General Policy On Capital Reserves and Capital Improvements)
- NCPF: New Capital Projects Fund (General Policy On Capital Reserves and Capital Improvements)
- NCPP: New Capital Projects Plan (General Policy On Capital Reserves and Capital Improvements)
- NEF: New Equipment Fund (General Policy On Capital Reserves and Capital Improvements)
- NEP: New Equipment Plan (General Policy On Capital Reserves and Capital Improvements)
- RRF: Repair and Replacement Fund (General Policy On Capital Reserves and Capital Improvements)
- RSF: Reserve Study Fund (General Policy On Capital Reserves and Capital Improvements)
- SCPP: Significant Capital Projects Plan (General Policy On Capital Reserves and Capital Improvements)

V. REVIEW

This policy shall be reviewed and updated as necessary to ensure that it remains adequate for the Association's needs.

³ This definition is based on the Community Associations Institute's 2023 Reserve Study Standards.

VI. APPROVAL

Approval of the Financial Lexicon 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: June 27, 2025



BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED:

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-6**

CAPITAL ASSET POLICY

WHEREAS, the Bylaws of Tahoe Donner Association require that the Association keep and maintain adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets¹; and,

WHEREAS, the Bylaws of the Tahoe Donner Association require that all Association books be maintained in accordance with generally accepted accounting principles² (“U.S. GAAP”); and,

WHEREAS, the following constitutes the Capital Asset Policy of Tahoe Donner Association (“Association”) and supersedes all previously approved policies and resolutions pertaining to the asset accounts and their maintenance, up to and including Resolution 2015-4;

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

**

I. PURPOSE

The purpose of the Capital Asset Policy is to establish guidelines to ensure that accurate records of Association Capital Assets are maintained in accordance with U.S. GAAP.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. CAPITAL ASSET CLASSIFICATION

Capital Asset Account Categories: Capital Assets shall be classified into one of the following account categories:

¹ Restated Bylaws of Tahoe Donner Association, Article XI, Section 10.

² Restated Bylaws of Tahoe Donner Association, Article XII, Section 4.

- **Land:** Non-depreciable land and the preparation of such land for its intended uses.
- **Land Improvements:** Capital Improvements to land, including without limitation, trails and trails infrastructure, fences, bridges, culverts and drainages, retaining walls, roads and firebreaks and other wildfire prevention and protection infrastructure.
- **Buildings and Facilities:** Buildings, structures and other facilities. Anything fixed (non-detachable) to the floor, ceilings, and walls is considered part of the building.
- **Building and Facility Improvements:** Capital Improvements to buildings, structures and other facilities.
- **Leasehold Improvements:** Leasehold Capital Improvements that are depreciable over the life of the lease.
- **Construction in Progress:** Construction in progress on uncompleted buildings, structures and other facilities. When construction is complete, the cumulative costs are then transferred to the appropriate Capital Asset account category.
- **Furnishings & Fixtures:**
 - Moveable furniture and other decor Capital Assets that have no permanent connection to the structure of a facility.
 - Capital Assets attached to a facility that support functionality, but that are not integral to the facility core structure.
- **Vehicles:** All fleet and heavy vehicles.
- **Equipment & Machinery:** Operating and office equipment and machinery.
- **Technology:** Operating and office technology.
- **Intellectual Property:** Any Association intellectual property.

IV. CAPITALIZATION

Capital Improvement costs less *expensed* Ancillary Capital Costs shall be capitalized consistent with U.S. GAAP.

V. ANCILLARY CAPITAL COSTS

Ancillary Capital Costs shall be capitalized unless staff determines on a case by case basis that particular Ancillary Capital Costs are more appropriately expensed. Ancillary Capital Costs that are not capitalized shall be expensed to the appropriate Capital Reserve.

VI. PROPERTY HELD FOR SALE

Property meeting U.S. GAAP criteria for property held for sale shall be inventoried for accounting purposes, but not recognized as a Capital Asset.

VII. REPLACEMENT AND RETIREMENT

If a Capital Improvement is a replacement, a retirement must be made to the items being replaced. This includes both a reduction in historical cost and accumulated depreciation.

VIII. ACCOUNTING AND FINANCIAL REPORTING

Capital Assets shall be accounted for at cost or, if the definite cost is not practically determinable, at estimated cost. Capital Assets shall be accounted for through the Property Holdings Record. The Association uses the straight-line method of depreciation. Depreciation of Capital Assets shall be recorded in the Property Holdings Record.

IX. RISK MANAGEMENT

The Association shall have ~~a progressive~~ an ongoing and proactive risk management program to ensure risks and impacts are identified, assessed, mitigated, and insured for Capital Assets and investments.

X. TRANSFERS & DISPOSALS

Transfers are defined as any movement of a Capital Asset by virtue of change in location, whether by account, department, building, floor or room. Disposals are defined as any item sold, traded-in, scrapped, abandoned or in any way removed from service.

The Capital Projects Department, in coordination with the Accounting Department, arranges the disposal or transfer of Capital Assets. Interdepartmental transfers or disposals shall be recorded with the date, method, and authorization.

XI. RESPONSIBILITIES

The General Manager shall be responsible for developing and overseeing processes and controls related to Capital Asset investment, maintenance, and disposal. This includes ensuring compliance with accounting standards and internal controls. Management will inform the Board of Directors on Capital Asset matters during the annual budget process.

XII. APPROVAL

Approval of the Capital Asset 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: June 27, 2025



BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED:

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-7**

ANNUAL BUDGET DEVELOPMENT PROCESS POLICY

WHEREAS, Tahoe Donner Association is legally required to comply with the Davis-Stirling Common Interest Development Act, which is commonly referred to as Davis-Stirling; and,

WHEREAS, Davis-Stirling requires that common interest developments prepare and distribute financial information to all of its Members that includes the association's estimated revenue and expenses on an accrual basis and a summary of the association's reserves and plan for funding the future maintenance, repair, restoration, or replacement of Major Association Components; and,

WHEREAS, Tahoe Donner Association shall regularly prepare and distribute to each Member an annual budget and financial statements that includes a pro forma operating budget, a year-end report, an annual statement regarding delinquency/foreclosure policy, and a regular review of reserve accounts; and,

WHEREAS, the following policy constitutes the Annual Budget Development Process Policy of Tahoe Donner Association and supersedes Resolution 2014-1, Financial Planning, Budgeting, and Reporting;¹

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

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I. PURPOSE

The purpose of the Annual Budget Development Process Policy is to establish a timely and effective annual budget development process for planning, preparation, and approval of the Association's Annual Budget, including the Operating Fund, the Association's various Capital Reserves, and the Association's Capital Improvement Schedules.

¹ Resolution 2014-1 superseded Resolution 98-6, Financial Planning and Budget Development Procedures.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. ANNUAL BUDGET DEVELOPMENT PROCESS

Working in collaboration with the board and relevant committees, within 150 days of January 1 of the current year, the General Manager shall propose an annual budget development process for the upcoming fiscal year to the Board of Directors. This process shall provide for:

- A timeline for budget development and approval consistent with all applicable legal requirements.
- A balanced approach that includes both bottom-up and top-down budget development.
- Budget development consistent with the Association's capital and financial policies, long-range and annual strategic goals,² and Capital Improvement Schedules.
- Committee involvement consistent with committee charters and task lists. At a minimum, the Board shall seek the Finance Committee's advice and recommendations before the Board considers adopting an annual budget.
- Robust Member communication and outreach for transparency and Member education.

If the Board of Directors fails to ratify the annual budget development process within 150 days of the current year, the General Manager and President shall implement an annual budget development process based upon the previous year's annual budget development process.

IV. REPORTING

The reporting provided to the Members through the Association's Annual Budget Report, the Association's year-end Annual Report, and any other Association reporting publications, shall be consistent with all applicable requirements imposed by statute and the Governing Documents.

² At the time of this policy's adoption, these goals are established by the Board approved Annual Strategic Goals and the 5-Year Strategic Plan. However, this policy guidance is intended to include any future alteration or amendments the Association may make to its strategic planning documents (e.g. by adopting biannual strategic goals or by adding an additional long-range strategic plan that extends beyond the 5-year window).

V. APPROVAL

Approval of the Annual Budget Development 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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED: _____

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-8**

**GENERAL POLICY ON CAPITAL RESERVES
AND CAPITAL IMPROVEMENTS**

WHEREAS, the duties of the Tahoe Donner Board of Directors include, among other things:

The duty to ensure that Tahoe Donner Association complies with the Davis-Stirling Common Interest Development Act, which is commonly referred to as Davis- Stirling. Davis-Stirling requires that common interest developments prepare and distribute financial information to all of its Members that includes the association’s estimated revenue and expenses on an accrual basis and a summary of the association’s reserves and plan for funding the future maintenance, repair, restoration, or replacement of Major Components.¹

The duty to own, manage, and maintain the Common Areas, Common Facilities, and Other Association Real Property.²

The duty to provide funding for the Association’s Common Expenses, which include “all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area, Common Facilities, or Other Association Real Property,” as well as “any amounts reasonably necessary to fund reserves for the maintenance, repair, expansion and replacement of the Common Areas and Common Facilities and Other Association Real Property.”³

The duty to maintain the Common Areas, Common Facilities, and Other Association Real Property includes, but is not limited to, the duty to conduct periodic reserve studies to identify “the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years,” and to

¹ Davis-Stirling Common Interest Development Act, Chapter 7, Article 3, Sections 5560-5580.

² First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article III, Section 6a, First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article III, Section 7a, First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article IV, Section 3a(ii).

³ First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article I, Section 9.

establish a reserve funding plan “to meet the association’s obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less.”⁴

The duty to prepare annual budgets “to fund the Association’s anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities).”⁵

The duty to establish a regular Assessment to fund the Association’s Common Expenses.⁶

The duty to ensure that all Assessment funds are used exclusively for the following purposes: “(a) to promote the recreation, health, safety and welfare of the Owners and other residents within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants and guests; and (c) to provide for the repair, maintenance, replacement, protection and expansion of the Common Area and Common Facilities.”⁷

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WHEREAS, in addition to maintaining an “Operating Account,” the Governing Documents require the Board to “maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements.”⁸

WHEREAS, California state law defines “reserve accounts” to include “Moneys that the board has identified for use to defray the future repair or replacement of, or additions to, those major components that the association is obligated to maintain.”⁹

⁴ California Civil Code §5550. This section further provides that “components that the board has determined will not be replaced or repaired” may be omitted from this funding plan, provided that, per California Civil Code §5300, the Annual Budget Report includes a “statement as to whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.” Under the Governing Documents, the board is also obligated “to operate the Association, including its Common Facilities.” First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article VIII, Section 1(b); Restated Bylaws of Tahoe Donner Association, Article IX, Section 2(b)(i); Article XII, Section 3. Therefore, considerations to defer or abandon repairs, improvements, or replacement must be balanced with the board’s obligation to fulfill its duty to operate the Association’s Common Facilities. See also California Civil Code §4177, §4178, §5300, §5560, and §5565.

⁵ First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article IV, Section 2(a). See also California Civil Code §5300.

⁶ First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article IV, Section 2(b).

⁷ First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article IV, Section 6.

⁸ Restated Bylaws of Tahoe Donner Association, Article XII, Sections 3 and 4.

⁹ California Civil Code §4177.

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WHEREAS, the Governing Documents anticipate “that the existing Common Facilities will require future expansion in order to accommodate increased Member usage as Residences are constructed on Separate Interests within the Properties.”¹⁰

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WHEREAS, Tahoe Donner’s Governing Documents restrict the Association’s authority to borrow money, with funding for Capital Improvements intended to be provided through the Association’s various Capital Reserves.¹¹

Reserve funding adequate to address the Association’s capital expenditure needs is intended to be supported by the regular assessment, with the Association’s Governing Documents stating that “The Special Assessment power conferred hereunder is not intended to diminish the Board’s obligation to plan and budget for normal maintenance, replacement and repair of the Common Area, existing Common Facilities or Other Association Real Property through Regular Assessments (including the funding of reasonable capital repair and replacement reserves).”¹²

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WHEREAS, the following General Policy On Capital Reserves and Capital Improvements supersedes Resolution 1998-7, General Policy Regarding Capital Improvements in Association Amenities;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association approves and adopts the following General Policy On Capital Reserves and Capital Improvements:

*
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I. PURPOSE

The purposes of the General Policy On Capital Reserves and Capital Improvements are to:

- |
- Establish the principles and goals guiding Tahoe Donner’s Capital Reserves and Capital Improvements management and planning.

¹⁰ First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article VIII, Section 1(b).

¹¹ Restated Bylaws of Tahoe Donner Association, Article IX, Section 2(a)(v).

¹² First Restated Declaration of Covenants and Restriction of Tahoe Donner, Article IV, Section 3(ii).

- Define the Capital Reserves necessary to carry out the Association's duties and interests, and clarify the interrelationship among the Association's Capital Reserves in carrying out these duties and interests.
- Define the general processes and practices appropriate to the management and maintenance of the Association's Capital Reserves.
- Identify the planning and funding processes and practices appropriate for carrying out the Association's Capital Improvement duties and interests.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. RESPONSIBILITY & AUTHORITY

The Board of Directors and the General Manager, to the extent authorized by the Board of Directors, have the full authority and responsibility to administer the General Policy On Capital Reserves and Capital Improvements, and any Capital Reserve Specific Policies created thereunder, in accordance with the terms and provisions contained herein.

The Board of Directors has the authority to allow for specific exceptions to the stated parameters or restrictions, except those mandated by statute or those limited by the Governing Documents.

IV. CAPITAL RESERVES GENERAL PURPOSES

The general purposes for all Capital Reserves are to:

- Ensure that Tahoe Donner remains a vibrant and desirable mountain community by maintaining, protecting and enhancing the Association's Major Components.
- Ensure that the Association's Common Area, Other Association Real Property, Common Facilities and any other operational infrastructure are attractive, well-maintained, and meet current and future Association needs.
- Maintain, protect and enhance owner investment in the Association.
- Maintain, protect and enhance the value and benefits appurtenant to Association membership.
- Provide for Member enjoyment, comfort, welfare, safety, and health.

V. CAPITAL RESERVES AND CAPITAL IMPROVEMENT PRINCIPLES

Consistent with the Davis-Stirling Act and the Association's Governing Documents, the Association shall develop and implement capital funding, planning, and improvement policies, practices, and plans consistent with the Capital Reserves General Purposes defined in Section IV above and with the following principles:

- The Association's various Capital Reserves are intended to be used in combination and in concert with each other to provide financial support for the Association's Capital Improvement duties and interests.
- All Capital Reserves shall be managed to:
 - Satisfy the Association's Capital Improvement duties and interests, including future long-range Capital Improvement duties and interests.
 - Promote predictable and sustainable annual assessment levels by mitigating year-to-year variability in Capital Reserve allocations.
 - Mitigate the need for special assessments.
- The Board shall exercise prudent fiscal management in maintaining the integrity of the Capital Reserves and in adopting and maintaining Capital Improvement Schedules.

VI. APPLICABLE CAPITAL RESERVES

All Capital Reserves established and maintained by the Association at the time of this policy's adoption, as well as any additional Capital Reserves the Board of Directors may establish as necessary to provide for the Association's purposes, shall be subject to and maintained in accordance with the General Policy On Capital Reserves and Capital Improvements, unless explicitly exempted in part or in whole by a Capital Reserve Specific Policy.

VII. CAPITAL RESERVE SPECIFIC POLICIES

The Board of Directors shall establish and maintain Capital Reserve Specific Policies for all Association Capital Reserves. These policies shall define:

- The Capital Reserve's particular purposes, along with the particular purposes of any Sub-Funds thereunder.
- Any special funding, expenditure, or reporting requirements particular to the Capital Reserve and/or Sub-Fund.
- Appropriate Capital Reserve and/or Sub-Fund adequacy measures and/or other Capital Reserve and/or Sub-Fund balance policies.

- Any other policy guidance particular to the maintenance and management of the particular Capital Reserve and/or Sub-Fund.

VIII. PRIMARY CAPITAL RESERVES

At a minimum, the Association shall establish, maintain, and manage the following Capital Reserves:

Reserve Study Fund: The Reserve Study Fund (RSF), which is based on the Association’s Reserve Study, is a Capital Reserve Umbrella Fund used to plan and provide funding for the repair, restoration, replacement, and/or maintenance of existing Major Components.¹³ As more specifically defined in its Capital Reserve Specific Policy, the RSF includes two Sub-Funds:

- Repair and Replacement Fund (RRF)
- Long Life Fund (LLF)

Development Fund: The Development Fund¹⁴ (DF) is a Capital Reserve Umbrella Fund used to provide funding for Capital Improvements that result in the creation or acquisition of new Major Components that do not qualify for RSF funding.¹⁵ As more specifically defined in its Capital Reserve Specific Policy, the DF includes two Sub-Funds:

- New Capital Projects Fund (NCPF)
- New Equipment Fund (NEF)

IX. CAPITAL RESERVE FUNDING

Capital Reserve funding is normally provided as part of the Association’s regular annual assessment. The Board will make the final determinations regarding the level of funding for the various Capital Reserves and/or Sub-Funds in the context of the Association’s overall budget and total annual assessment. Where one or more Sub-Fund exists under a Capital Reserve Umbrella Fund, assessment allocation decisions will typically be made at the Sub-Fund level.

¹³ This is an abbreviated description of the RSF’s purpose. The complete purpose description may be found in the RSF’s Capital Reserve Specific Policy.

¹⁴ 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.

¹⁵ This is an abbreviated description of the DF’s purpose. The complete purpose description may be found in the DF’s Capital Reserve Specific Policy.

Should alternative sources of Capital Reserve funding become available (including but not limited to grant funding, tax rebates, and Operating Fund surpluses), the Board may use such funding to supplement Capital Reserve support. However, this supplemental funding shall not diminish the Board's obligation to plan and budget for appropriate Capital Reserve funding through regular annual assessments.

X. CAPITAL IMPROVEMENT SCHEDULES

A. Reserve Study

The Reserve Study shall be performed by an independent certified reserve specialist working in conjunction with staff, unless the General Manager determines that staff possesses the appropriate expertise to lead the Reserve Study and the Board approves staff to perform the study. The Reserve Study shall be conducted in compliance with the Davis Stirling Act,¹⁶ and in accordance with the guidelines published by the State of California Department of Real Estate¹⁷ and the standards published by the Community Associations Institute.¹⁸ The Reserve Study shall include a physical inventory of all existing and newly qualifying Major Components.

The Association shall establish the following Capital Improvement Schedules and funding plans to meet the Association's obligations for the repair, maintenance, and replacement of all Major Components identified in the Reserve Study:

- **30-Year Expenditure Plan:** This plan covers a 30-year planning horizon and shall include all Major Components with a Useful Life of 30 years or less.
- **Long Life Expenditure Plan:** This plan covers a 50-year planning horizon and shall include all Major Components with a Useful Life in excess of 30 years.

The Board shall review the Reserve Study and its associated Capital Improvement Schedules and funding plan(s) no less than annually during the Annual Budget Development Process.

B. New Equipment Plan

The New Equipment Plan (NEP) is intended to identify all proposed and planned Capital Improvements that result in new Major Components and that are not considered and/or cannot be considered a Capital Project or a component of a Capital Project.

- The NEP shall cover no less than three (3) budget years.

¹⁶ California Civil Code §5550.

¹⁷ Reserve Study Guidelines for Homeowners Association Budgets, 2010 or successor guidelines.

¹⁸ Community Associations Institute, Reserve Study Standards, 2023 or successor standards.

- The NEP shall include cost estimates for each Capital Improvement listed. Cost estimates shall be updated no less than annually.
- All changes or updates to the NEP shall be reviewed and approved by the Board. At a minimum, each year as part of the Annual Budget Development Process the Board of Directors shall review the NEP and approve:
 - The addition or subtraction of Capital Improvements from the NEP.
 - Changes to the prioritization, sequencing, or timing of items listed in the NEP.

C. New Capital Projects Plan

The New Capital Projects Plan (NCPP) is intended to identify all proposed and planned Capital Improvements that result in new Major Components and that are considered either a Capital Project or a component of a Capital Project.

- The NCPP shall normally cover ten (10) budget years.
 - However, at the discretion of the Board and as recommended by management, the NCPP may include Capital Improvements beyond the 10-year range if those Capital Improvements warrant a longer planning horizon and cost estimates for such projects are provided.
 - The NCPP shall also include an addendum inventory of potential Capital Projects in the 10 to 20-year range. However, cost estimates for such Capital Projects shall not be required.
- The NCPP shall include cost estimates for each Capital Improvement listed. Cost estimates shall be updated no less than annually.
- ~~● The NCPP shall also inventory potential Capital Projects in the 10 to 20 year range. However, cost estimates for such projects shall not be required.~~
- All changes or updates to the NCPP shall be reviewed and approved by the Board. At a minimum, each year as part of the Annual Budget Development Process the Board of Directors shall review the NCPP and approve:
 - The addition or subtraction of Capital Improvements from the NCPP.
 - Changes to the prioritization, sequencing, or timing of items listed in the NCPP.

D. Interagency Partnership Plan

The Interagency Partnership Plan (IPP) is a Capital Improvement Schedule that includes all Tahoe Donner Capital Improvements that are being proposed and/or planned in cooperation or in partnership with governmental and non-governmental agencies.

- For each Capital Project included in the IPP, the IPP shall identify the lead agency, the proposed year of construction, and the funding source(s).

- Typically, the IPP will include Capital Project cost estimates only if either of the following conditions are met:
 - An estimate is provided by the lead agency.
 - The funding sources include an identified amount from Tahoe Donner Capital Reserves.
- When funding sources include Tahoe Donner Capital Reserves, the IPP will distinctly identify the Tahoe Donner portion in addition to any provided overall estimate.
- The IPP shall be managed by staff, with all changes or updates to the IPP reviewed no less than annually by the Board. At a minimum, each year the Board shall review the IPP as part of the Annual Budget Development Process.

E. Significant Capital Projects Plan

The Significant Capital Projects Plan (SCPP) is a consolidated 20-year Capital Improvement Schedule that includes all anticipated, proposed, and planned Significant Capital Projects.

The ~~CPP~~SCPP shall include all Capital Projects listed in the NCPP within a minimum 10-year horizon, all Capital Projects listed in the Long Life Expenditure Plan within a 20-year horizon, and any other Capital Projects designated as Significant Capital Projects. As appropriate for presentation and planning purposes, management may segment the SCPP into sub-schedules (e.g. 10 and 20-year Significant Capital Projects Plans).

- The SCPP shall include cost estimates for each Capital Project listed, ~~provided for which~~ a cost estimate for that Capital Project is available. Cost estimates shall be updated no less than annually.
- All changes or updates to the SCPP shall be reviewed and approved by the Board. At a minimum, each year as part of the Annual Budget Development Process the Board of Directors shall review the SCPP and approve:
 - The addition or subtraction of Significant Capital Projects from the SCPP.
 - Changes to the prioritization, sequencing, or timing of the Capital Projects listed in the SCPP.

F. Capital Funds Projection

Developed as part of the annual budget in concert with the other Capital Improvement Schedules, the Capital Funds Projection (CFP) is a financial report summarizing the Capital Improvement Schedules and funding sources, and forecasting aggregate Capital Reserve cash flows for 10 and 20-year timeframes.

G. Capital Project Cost Estimates

Cost estimates for Capital Projects in the various Capital Improvement Schedules shall be made by staff using the best information reasonably available at each stage of Capital Project planning and development.

- For minimally defined conceptual Capital Projects at the earliest stages of development, cost estimates may be presented as order of magnitude cost estimates.¹⁹
- As Capital Projects progress through the various stages of project planning (e.g. study, scoping, definition, design, permitting, and consideration for final approval), cost estimates shall be increasingly detailed and definitive.

Cost estimates for Capital Projects shall include:

- A general description of the Capital Project.
- A brief explanation of the method used to derive the Capital Project's cost estimate.

XI. CAPITAL PROJECT DEVELOPMENT FRAMEWORK

The Association shall develop a Capital Project Development Framework to guide planning for individual Capital Projects. This framework shall:

- Be developed by staff with board input.
- Be published on the Tahoe Donner website.
- Be adaptable to a wide range of Capital Project scopes, scales, Member interest levels, and effects.
- Provide for appropriate Member, committee, and board input.
- Provide for appropriate board oversight at key decision points (e.g. study, screening, definition, design, permitting, and consideration for final approval).

Staff and the board shall review and update the Capital Projects Development Framework no less than every three years.

XII. CAPITAL IMPROVEMENT MODIFICATION & APPROVAL

¹⁹ An example of an order of magnitude cost estimate scale is as follows:

- \$ - \$2,000 to \$1,000,000
- \$\$ - \$1,000,000 to \$5,000,000
- \$\$\$ - \$5,000,000 to \$15,000,000
- \$\$\$\$ - \$15,000,000 to \$30,000,000
- \$\$\$\$\$ - Greater than \$30,000,000

To manage individual and aggregate Capital Reserve balances and expenditures, or for other Capital Improvement management purposes, the Board of Directors may modify, reschedule or otherwise reexamine specific Capital Improvements.

Should the Board determine that a specific Capital Improvement is no longer advisable, it may cancel the Capital Improvement and reallocate any accumulated monies, provided that the reallocated monies are used consistent with Article XIII (Expenditures) of this policy. The Board may also modify a specific Capital Improvement if it determines that the Capital Improvement requirements have changed since it was originally identified.

Consistent with the Governing Documents, all Capital Improvements not requiring approval of the Members of the Association shall require approval of the Board of Directors.²⁰ Board of Directors adoption of the Annual Budget, which includes the Reserve Study and associated funding plan(s), the Capital Improvement Schedules, and the Capital Reserve allocations, shall constitute approval of the identified Capital Improvements for the upcoming fiscal year, subject to applicable expenditure authorization levels²¹ and legal limits on Board of Directors authority.

XIII. EXPENDITURES

Capital Reserves shall only be expended for the purposes for which the Capital Reserves were created.²² These purposes include:

- Each Capital Reserve and/or Sub-Fund's particular purposes as defined by the applicable Capital Reserve Specific Policy.
- The general Capital Reserve purposes as defined by this policy.

Expenditure authorization levels are subject to budget authority levels established by the Board of Directors.²³

XIV. TRANSFER OF MONIES FROM CAPITAL RESERVES

The transfer of Capital Reserve monies from one Capital Reserve to another, or from a Capital Reserve to the Operating Fund, may only be accomplished at a properly noticed meeting of the board, and with the following conditions met:

²⁰ For legal guidance on this topic that is current at the time of this policy's adoption, see: Law Offices of Deon Stein, Re: Downhill Ski Lodge Building Renovation Issues, October 1, 2021.

²¹ 2025-12, Authorization Levels Policy.

²² See California Civil Code §5510(b).

²³ 2025-12, Authorization Levels Policy.

- The published agenda for the meeting of the board must explicitly state that the board will consider the transfer of monies from a Capital Reserve.
- The decision to transfer monies may only be made following reasonable time allowed for Member Comment.

Further, no transfer of Capital Reserve monies may be completed unless and until the board issues a written finding, recorded in a board approved administrative resolution, explaining why the transfer is warranted and how the transfer will affect Capital Reserve balances and cash flows.

Additionally, any transfers from a Capital Reserve to pay for litigation shall be made in accordance with Civil Code §5520 or any applicable successor statute.

A. Temporary Transfers

The Board of Directors may authorize the temporary transfer (“borrowing”) of monies from one Capital Reserve to the Operating Fund or to another Capital Reserve, provided that such borrowing is made in accordance with the Governing Documents and with California Civil Code §5515, or applicable successor statute.

Consistent with California Civil Code §5515, the borrowed monies shall be restored to the lending Capital Reserve within one year of the borrowing, unless the one-year period is extended by the board in accordance with the statute. A special assessment to recover the full amount of the monies borrowed shall be levied if necessary to restore the monies, provided applicable Member- approval requirements are met.

B. Permanent Transfers

The Board of Directors may authorize the permanent transfer of monies from one Capital Reserve to another Capital Reserve, provided that such a permanent transfer is made in accordance with the Governing Documents and with any applicable Civil Codes.

C. Transfers Involving Capital Reserve Disbursements

Capital Reserve funds transferred to the Operating Fund to facilitate Capital Reserve disbursements shall not be subject to the provisions of Section XIV of this policy. Such transfers shall be recorded and reported, for accounting purposes, as “due/from” the involved funds.

XV. NEW CAPITAL ASSETS AND MAJOR COMPONENTS

Any new Capital Assets acquired, created, and/or established through the expenditure of Capital Reserve monies shall be accounted for in accordance with the Capital Asset Policy.

Any new Major Component acquired, created, and/or established through the expenditure of Capital Reserve monies shall be incorporated into the Reserve Study.

XVI. POLICY CONSTRUCTION AND IMPLEMENTATION

A. Liberal Construction

This policy and its associated Capital Reserve Specific Policies shall be liberally construed to facilitate their implementation and to effectuate their purposes.

B. Implementation

Through the Annual Budget Development Process, staff shall develop and the Board shall adopt an Implementation Plan to:

- Implement this policy and its associated Capital Reserve Specific Policies beginning with the 2026 Annual Budget, and;
- Achieve all funding minimums and funding goals associated with the Capital Reserve Specific Policies no later than the dates specified in the Capital Reserve Specific Policies.

To evaluate progress and to provide direction, the Board shall review and, if appropriate, update this Implementation Plan annually through the Annual Budget Development Process.

XVII. REPORTING

The reporting provided to the Members through the Association's Annual Budget Report, the Association's year-end Annual Report, and any other Association reporting publications, shall be consistent with all applicable requirements imposed by statute and the Governing Documents.

XVIII. APPROVAL

Approval of the General Policy on Capital Reserves and Capital Improvements 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: June 27, 2025



BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED:

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-9**

RESERVE STUDY FUND POLICY

WHEREAS, Administrative Resolution 2025-8, the General Policy on Capital Reserve and Capital Improvements, requires that the Board of Directors establish and maintain Capital Reserve Specific Policies for all Capital Reserves 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

The Reserve Study Fund Policy constitutes the Capital Reserve Specific Policy for the following Capital Reserve and Sub-Funds:

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

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

The RSF may be used for both capitalized expenditures and non-capitalized expenses, provided these uses are consistent with the RSF's purposes.

The RSF includes two Sub-Funds:

- The Repair and Replacement Fund (RRF) includes existing Major Components that have a Useful Life of 30-years or less, as well as any costs that satisfy the Reserve Study

Component Selection Guidelines published in the Community Associations Institute's Reserve Study Standards (e.g. preventive or corrective repair and maintenance of Major Components).

- The Long Life Fund (LLF) includes existing Major Components that have a Useful Life in excess of 30 years, including "life-of-the-building"¹ components. "Life-of-the-building" components include, without limitation, foundations, building frames, roof structures, utilities, engineered drainage, and bridges, up to and including full facility replacement.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. RESERVE STUDY ~~FUND~~FUND MINIMUM ~~BALANCE~~BALANCE

~~A. RESERVE STUDY FUND~~

For contingency purposes,² a total minimum combined balance ~~for of~~ the RSF ~~and its~~ Sub-Funds will be maintained that equates to 10% of the Association's Total Property and Equipment, as documented in the prior year's Independent Auditor's Report.

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 must explicitly state that the board will consider drawing down the Capital Reserve below its minimum balance.
- The board issues a written finding, recorded in a board approved administrative resolution, explaining why the action is warranted and how the action will affect Capital Reserve balances and cash flows, and defining a plan to reestablish the minimum balance within five (5) years.
- The decision to draw down the Capital Reserve below its minimum balance may only be made following reasonable time allowed for Member Comment.

~~B~~

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.

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

IV. RSF FUNDING

A. REPAIR AND REPLACEMENT FUND

The annual regular assessment contribution to the RRF ~~allocation~~ will be recommended to the Board by the General Manager based on the results of the updated Reserve Study as part of the Annual Budget Development Process.

The annual RRF allocation shall be increased annually by at least the most recently published 12-month San Francisco CPI plus 5% until the Percent Funded level exceeds 25% of the Capital Improvement costs designated in the 30-Year Expenditure Plan.

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 to mitigate year-to-year variability in Capital Reserve allocations.

CB. LONG LIFE FUND

The annual regular assessment contribution to the LLF ~~allocation~~ will be recommended to the Board by the General Manager based on the results of the updated Reserve Study as part of the Annual Budget Development Process.

The annual LLF allocation will normally be one-fiftieth (1/50), or two percent (2%), of the Total Estimated Replacement Cost of the Capital Projects designated in the Long Life Expenditure Plan. However, funding shall be adjusted 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 to mitigate year-to-year variability in Capital Reserve allocation.

VII. REPORTING

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

VII

VI. EXPENDITURES

There are no special expenditure requirements particular to the RSF beyond the regular expenditure requirements defined in Administrative Resolution 2025-8, the General Policy on Capital Funds and Capital Improvements.

VII. POLICY CONSTRUCTION AND IMPLEMENTATION

A. Liberal Construction

This policy shall be liberally construed to facilitate its implementation and to effectuate its purposes.

B. Implementation

Through the Annual Budget Development Process, staff shall develop and the Board shall adopt an Implementation Plan to:

- Implement this policy beginning with the 2026 Annual Budget, and;
- Achieve all funding minimums and funding goals associated with this policy no later than January 1, 2036.

To evaluate progress and to provide direction, the Board shall review and, if appropriate, update this Implementation Plan annually through the Annual Budget Development Process.

IX.

VIII. APPROVAL

Approval of the Reserve Study 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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED: _____

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-10**

DEVELOPMENT FUND POLICY

WHEREAS, Administrative Resolution 2025-8, the General Policy on Capital Reserves and Capital Improvements, requires that the Board of Directors establish and maintain Capital Reserve Specific Policies for all Capital Reserves 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:

**

I. PURPOSE

The Development Fund Policy constitutes the Capital Reserve Specific Policy for the following Capital Reserve and Sub-Funds.

Development Fund: The Development Fund¹ (DF) is a Capital Reserve Umbrella Fund used to provide funding for Capital Improvements that result in the creation or acquisition of new Major Components that do not qualify for RSF funding.

The DF may be used for both capitalized expenditures and non-capitalized expenses, provided these uses are consistent with the DF's purposes.

The DF includes two Sub-Funds:

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.

- The New Capital Projects Fund (NCPF) 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, installation, and upgrading of furniture, fixtures, vehicles, machinery, equipment, and technology that do not qualify for RSF funding, and that typically provide for one or more of the following:
 - More efficient and effective operations.
 - The enhancement or expansion of services, programs, and activities to benefit Member value, enjoyment, and experience.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. NEW CAPITAL PROJECTS FUND (NCPF)

A. FUNDING

The annual ~~NCPF allocation~~ regular assessment contribution to the NCPF will be recommended to the Board by the General Manager based on the results of the updated New Capital Projects Plan (NCPP) as part of the Annual Budget Development Process.

The annual NCPF allocation will normally be one-tenth (1/10), or ten percent (10%), of the Capital Project costs designated in the NCPP. When the NCPP includes projects beyond the 10-year range, those projects will normally be accounted for in the NCPF allocation on a pro-rata basis. NCPF funding allocations shall be adjusted as required to ensure that the NCPF meets 100% of the NCPF cash flow requirements within the 10-year funding horizon.

The current year's funding level must consider the NCPF's future years balances and cash flow requirements to mitigate year-to-year variability in Capital Reserve allocations.

B. MINIMUM BALANCE

For contingency purposes,² a minimum balance for the NCPF will be maintained that equates to 2.5% of the Association's Total Property and Equipment, as documented in the prior year's Independent Auditor's Report.

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 must explicitly state that the board will consider drawing down the Capital Reserve below its minimum balance.
- The board issues a written finding, recorded in a board approved administrative resolution, explaining why the action is warranted and how the action will affect Capital Reserve balances and cash flows, and defining a plan to reestablish the minimum balance within five (5) years.
- The decision to draw down the Capital Reserve below its minimum balance may only be made following reasonable time allowed for Member Comment.

IV. NEW EQUIPMENT FUND (NEF)

A. FUNDING

The annual ~~NEF allocation~~regular assessment contribution to the NEF will be recommended to the Board by the General Manager based on the results of the updated New Equipment Plan (NEP) as part of the Annual Budget Development Process.

The annual allocation 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 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 0.1% of the Association's Total Property and Equipment, as documented in the prior year's Independent Auditor's Report.

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

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

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. If the NEF is drawn down below its minimum balance, the minimum balance must be reestablished within one (1) year.

V. REPORTING

There are no special reporting requirements particular to the DF beyond the regular reporting requirements defined in Administrative Resolution 2025-8 the General Policy on Capital Reserves and Capital Improvements.

VI. EXPENDITURES

There are no special expenditure requirements particular to the DF beyond the regular expenditure requirements defined in Administrative Resolution 2025-8, the General Policy on Capital Reserves and Capital Improvements.

VII. POLICY CONSTRUCTION AND IMPLEMENTATION

A. Liberal Construction

This policy shall be liberally construed to facilitate its implementation and to effectuate its purposes.

B. Implementation

Through the Annual Budget Development Process, staff shall develop and the Board shall adopt an Implementation Plan to:

- Implement this policy beginning with the 2026 Annual Budget, and;
- Achieve all funding minimums and funding goals associated with this policy no later than January 1, 2036.

To evaluate progress and to provide direction, the Board shall review and, if appropriate, update this Implementation Plan annually through the Annual Budget Development Process.

VIII. APPROVAL

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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED:

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-11**

OPERATING FUND POLICY

WHEREAS, the Tahoe Donner Association Board of Directors is responsible for the establishment of the annual regular assessment based upon preparation of an annual budget that estimates “the total amount required to fund ... anticipated Common Expenses for the next fiscal year;”¹

WHEREAS, Common Expenses are defined to include “all expenses or charges incurred by or on behalf of the Association for the management ... administration, insurance, [and] operation ... of the Common Area, Common Facilities, or Other Association Real Property,” as well as “all expenses or charges reasonably incurred to procure insurance for the protection of the Association, its property and its Board of Directors;”²

WHEREAS, the intent of the annual regular assessment includes promoting “the recreation, health, safety and welfare of the Owners and other residents within the Properties,” and promoting “the enjoyment and use of the Properties by the Owners and their families, tenants and guests;”³

WHEREAS, Tahoe Donner Association shall establish and maintain an “operating account,” commonly referred to as the Operating Fund, and will deposit into it the operating portion of all regular and special assessments in accordance with its governing documents;⁴ and,

WHEREAS, the following constitutes the Operating Fund Policy of Tahoe Donner Association and supersedes all previously approved Operating Fund Policies, up to and including Resolution 2023-3;

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

¹ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(a).

² First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article I, Section 9.

³ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 6. Additionally, First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article II, Section 3(a) states that Association Rules “may make reasonable distinctions between the rights and privileges accorded to Owners, tenants and lessees with respect to Common Facilities and other Common Area amenities.”

⁴ Restated Bylaws of Tahoe Donner Association, Article XII, Section 3.

I. PURPOSE

The Operating Fund is established in accordance with the Association's Governing Documents as an operating account for the revenue and expense activities of the Association's operational Common Expenses, including its general, administrative, service, and facility departments. Additionally, the Operating Fund may be used to facilitate Capital Reserve disbursements, provided the Operating Fund is fully reimbursed for such payments during the same fiscal year by the appropriate Capital Reserve.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. RESPONSIBILITY & AUTHORITY

The Board of Directors and the General Manager, to the extent authorized by the Board of Directors, will have the full authority and responsibility to administer the Operating Fund in accordance with the terms and provisions contained in the Operating Fund Policy.

The Board of Directors has the authority to allow for specific exceptions to the stated parameters or restrictions, except those mandated by statute or those limited by the Governing Documents.

IV. FUND PRINCIPLES

The Board shall exercise ~~prudent fiscal~~ fiduciarly responsible management in maintaining the integrity of the Operating Fund, and in adopting and maintaining operating revenue and expenditure plans. Through the Annual Budget Development Process, the Association shall develop ~~a realistic and responsible~~ lean Operating Fund budget consistent with the following principles:

- ~~● To mitigate exposure to risk related to weather, economic conditions, and other external forces and conditions that are beyond the Association's control, the annual Operating Fund budget shall be based upon conservative non-assessment revenue expectations.~~
- ~~● Provide for the Association's general, administrative, service, and facility operational needs.⁵~~
- ~~● Provide for competitive employee compensation in line with market conditions, including competitive and effective employee incentive and retention programs.~~

⁵ ~~First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).~~

- ~~Provide for any difference between the Association's Common Expenses and projected revenue from sources other than the annual regular assessment.~~⁶
- Improve and promote the benefits, value, enjoyment, and experience derived from Tahoe Donner membership:
 - Provide for the consistent, high-quality operation of the Common Facilities and services, programs, and activities.
 - Ensure that the Common Facilities and services, programs, and activities are operated, managed, regulated, and priced to encourage Member use, enjoyment, benefits and value.
 - ~~When developing annual Operating Fund budget revenue targets from sources other than the annual regular assessment, where the Board has "authorized to permit members of the public to use recreational Common Facilities," include an amount of public patronage that will not overburden those facilities or otherwise materially impair or deter Member use and enjoyment.~~⁷
- Mitigate exposure to risk related to weather, economic conditions, and other external forces and conditions that are beyond the Association's control.
 - When developing the annual Operating Fund budget and determining the annual regular assessment contribution to the Operating Fund, the Association shall be risk averse in its projections of revenue from sources other than the annual regular assessment.⁸
- Provide for the Association's general, administrative, service, and facility operational needs.⁹
- Provide for competitive employee compensation in line with market conditions, including competitive and effective employee incentive and retention programs.
- Provide for any difference between the Association's operational Common Expenses and projected revenue from sources other than the annual regular assessment.¹⁰

V. OPERATING FUND MINIMUM BALANCE

The Operating Fund Minimum Balance is intended to ensure the Association maintains adequate working capital to meet short-term operating needs and mitigate exposure to financial risk arising from revenue shortfalls or cost increases.

⁶ ~~First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).~~

⁷ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article II, Section 1(a), and the Amenity Access Rule.

⁸ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).

⁹ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).

¹⁰ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).

The Board shall establish the annual Operating Fund Minimum Balance as part of the Annual Budget Development Process. As a goal, the Operating Fund Minimum Balance should be no less than 15% of the Association's annual operating expenses.

Any monies held as an Operating Fund Minimum Balance shall be maintained in accordance with the Investment Policy in an interest-earning financial account with high liquidity.

Board approval shall be required to draw the Operating Fund down below its annually established minimum balance. Such approval may only be given for one or more of the following purposes:

- Covering unanticipated shortfalls in the Operating Fund year-end closing balance.
- Providing operational funding during emergency events and/or other circumstances that cause Operating Fund revenue shortfalls compared with approved budget expectations. The use of Operating Fund Minimum Balance working capital for this purpose shall not diminish Management's duty to take rapid steps to mitigate any Operating Fund balance shortfalls versus budgeted expectations.

For the purposes listed above, Operating Fund Minimum Balance working capital must be exhausted before the board may consider borrowing monies from the Capital Reserves.

Unless circumstances require an emergency board meeting or involve matters properly addressed in executive session, Board approval to draw the Operating Fund down below its annually established minimum balance may only be accomplished at a properly noticed meeting of the board, and with the following conditions met:

- The published agenda must explicitly state that the board will consider drawing the Operating Fund below its annually established minimum balance.
- The decision to draw the Operating Fund below its annually established minimum balance may only be made following reasonable time allowed for Member Comment.

If Board approval to draw the Operating Fund down below its annually established minimum balance is made in an emergency board meeting, the Board shall agendaize discussion of the decision at its next regularly scheduled board meeting and provide reasonable time for Member Comment regarding the decision.

If Board approval to draw the Operating Fund down below its annually established minimum balance is made in executive session, the report out for that executive session shall generally note the decision.

VI. OPERATING FUND SURPLUSES

When surpluses occur in the Operating Fund at the end of the fiscal year following payment of all operating expenses, those surplus monies shall be held in the Operating Fund until the Operating Fund Minimum Balance equals no less than 15% of the Association's annual operating expenses. Provided the Operating Fund Minimum Balance equals or exceeds 15% of the Association's annual operating expenses, at the discretion of the Board of Directors, surplus monies may be:

- Applied to the Operating Fund Minimum Balance to increase the minimum balance beyond 15% of the Association's annual operating expenses, or;
- Transferred to one or more Capital Reserves specified by the Board of Directors.

VII. FUNDING

As determined during the Annual Budget Development Process, the annual regular assessment contribution to the Operating Fund shall be sufficient to provide for the Association's operational Common Expenses, consistent with this policy and the Association's Governing Documents.¹¹

VIII. EXPENDITURES

All expenditures from the Operating Fund must be consistent with the Operating Fund's purpose and made in accordance with Board approved expenditure authorization levels.¹²

IX. REPORTING

A summary of the results of the Association's annual operating budget, along with the funding level being assessed for the Operating Fund, will be reported to Association Members as part of the Association's Annual Budget Report.

Furthermore, the accounting of the Association's actual operations in each fiscal year will be reported to Association Members as part of the Association's year-end Annual Report as required by the Governing Documents.¹³

¹¹ First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b)

¹² 2025-12, Authorization Levels Policy.

¹³ Restated Bylaws of Tahoe Donner Association, Article XII, Section 5, Budgets and Financial Statements.

Additionally, to better inform the board and Members about the Association's exposure to revenue related financial risk, the Annual Budget Report and the Operating Fund materials presented during the Annual Budget Development Process shall include information regarding the degree to which Operating Fund budgeted revenue expectations rely on annual regular assessment revenue versus revenue generated from sources other than the annual regular assessment.

X. POLICY CONSTRUCTION AND IMPLEMENTATION

A. Liberal Construction

This policy shall be liberally construed to facilitate its implementation and to effectuate its purposes.

B. Implementation

Through the Annual Budget Development Process, staff shall develop and the Board shall adopt an Implementation Plan to:

- Implement this policy beginning with the 2026 Annual Budget, and;
- Achieve all funding minimums and funding goals associated with this policy no later than January 1, 2036.

To evaluate progress and to provide direction, the Board shall review and, if appropriate, update this Implementation Plan annually through the Annual Budget Development Process.

XI. APPROVAL

Approval of the Operating 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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED: _____

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
ADMINISTRATIVE RESOLUTION 2025-12**

AUTHORIZATION LEVELS POLICY

WHEREAS, the Bylaws¹ of the Tahoe Donner Association (the “Association”) empower the Board of Directors (the “Board”) to make appointments and to authorize individuals to execute instruments related to the Association's various financial accounts, all for the benefit of the Association; and,

WHEREAS, the Association's Board has appointed the General Manager (the “GM”) as Assistant Secretary² and the Director of Finance and Accounting (the “DFA”) as Assistant Treasurer³ to be Officers of the Corporation; and,

WHEREAS, the following constitutes the current authorization levels delegated to specified Association management and Board positions and supersedes the previously approved policy pertaining to such authorization levels, Administrative Resolution 2016-9;

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the following Authorization Levels Policy:

I. PURPOSE

The purposes of the Authorizations Level Policy are to:

1. Facilitate the business affairs of the Association by delegating authority for certain financial transactions to specified management positions and Officers of the Corporation.
2. Enforce appropriate controls over financial transactions to meet regulatory and fiduciary requirements.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. CONTRACTS.

The GM or the DFA is authorized, on behalf of the Association, to enter into contracts for

¹ Restated Bylaws of Tahoe Donner Association, Article XI, Section 3.

² Tahoe Donner Association Board of Directors, Resolution 2024-3, Appointment of Assistant Secretary & Signatory Authorization.

³ Tahoe Donner Association Board of Directors, Resolution 2024-5, Appointment of Assistant Treasurer and Signatory Authorization.

budgeted projects of an annual value of less than \$100,000, subject to the following limitations:

- Contracts ~~in excess for projects~~ of ~~this value~~ \$100,000 or more shall be presented, along with the GM's recommendation, to the Board for its review and approval.
- ~~Any non-budgeted operating or capital expenditure contracts~~ Contracts in excess of \$25,000 ~~for any non-budgeted project~~ shall require Board approval.
- Regardless of the apparent value, all agreements that contemplate placing concessionaires or outsourced managed service arrangements in charge of Common Facility operations, the engagement of auditors and legal counsel, the procurement of insurance, or the provision of employee benefits shall be presented with the GM's recommendation to the Board for its review and approval.

IV. PURCHASE ORDERS

The GM or the DFA is authorized to execute purchase orders related to items that have been approved in the annual budget except that all purchase orders for items exceeding \$100,000 in value shall be approved by the Board.

At the GM's discretion, the GM may create an internal purchase order authority matrix that delegates the GM's authority to execute purchase orders for items approved in the annual budget to operational directors, managers, or other Association staff, provided the delegations do not conflict with this policy.

Any non-budgeted operating or capital expenditure purchase orders in excess of \$25,000 shall require Board approval.

V. DISBURSEMENTS

Two signatures/approvals are required on all non-Capital Reserve disbursements (e.g. checks, fund wires, and electronic transfers), with the following conditions and exception:

- Under \$100,000:
 - Authorized signatories/approvers are any two (2) of the following:
 - Board Treasurer (Director)
 - Board President (Director)
 - Board Secretary (Director)
 - DFA (Assistant Treasurer)
 - GM (Assistant Secretary)
 - Director of Administrative Services
 - Director of Operations
 - At the discretion of the GM or DFA, only one (1) signatory/approver is required for disbursements under \$1,000.

- \$100,000 and over:
 - Authorized signatories/approvers are any two (2) of the following, at least one (1) of which must be a Board Director:
 - Board Treasurer (Director)
 - Board President (Director)
 - Board Secretary (Director)
 - DFA (Assistant Treasurer)
 - GM (Assistant Secretary)

VI. CAPITAL RESERVES

For transfers out of the Capital Reserves, two written approvals are required, one of which must be a Board Director, and the other either a Board Director or an Officer of the Corporation.

The following persons are authorized to approve and/or execute such transfers:

- Board Treasurer (Director)
- Board President (Director)
- Board Secretary (Director)
- DFA (Assistant Treasurer)
- GM (Assistant Secretary)

VII. CONFLICTS OF INTEREST

No individual shall serve as a signatory/approver for any disbursement, including but not limited to checks, wire transfers, or electronic funds transfers, issued to themselves or to any entity in which they or their relatives hold a financial interest or with which they maintain an employment or ownership relationship.⁴

VIII. ROUTINE ADJUSTMENTS

The Board may make routine adjustments to the authorizations levels detailed in this policy through the Annual Budget Development Process. Such adjustments shall be noted in an appendix attached to this policy.

⁴ See also Corporate Resolution 2024-9, Tahoe Donner Association Board of Directors Code of Conduct.

IX. APPROVAL

Approval of the Authorization Levels Policy and any appendices, 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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

I certify that I am the duly qualified and acting secretary of the Tahoe Donner Association, a California Nonprofit Mutual Benefit corporation. The foregoing is a true and correct copy of the Resolution duly adopted by the Board of Directors at a duly noticed Board meeting held on June 27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED:

COURTNEY MURRELL, Secretary

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
RESOLUTION 2025-13**

INVESTMENT POLICY

WHEREAS, the Davis-Stirling Common Interest Development Act specifies that the Board shall exercise prudent fiscal management in maintaining the integrity of the Tahoe Donner Association's ("TDA" or "the "Association") Capital Reserves¹; and,

WHEREAS, subject to corporation law and limitations contained in the governing documents the business and affairs of the Association are vested in the Board of Directors²; and,

WHEREAS, the Board has the authority to open and maintain banking and other investment accounts on behalf of the Association, to carry out the business of the Association, and to designate the signatories thereof, and

WHEREAS, in order to properly maintain the Common Areas, Common Facilities, and Other Association Owned Property that are the responsibility of the Association, to comply with state statutes, to manage the Capital Reserves, and to protect the market value of Owners' homes and livability in the Association, the Board of Directors determines that it is necessary to have policies and procedures for the investment of the Capital Reserves and any other Association Funds; and

WHEREAS, the following constitutes the Investment Policy and supersedes all previously approved policies and resolutions pertaining to the investment of Association Funds, up to and including Resolution 2020-7;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves and adopts the following Investment Policy:

I. PURPOSE

The purposes of this resolution are to:

1. Establish guidelines to ensure the effective and judicious management of investments of the Association's Funds;

¹ Davis-Stirling Common Interest Development Act, Chapter 7, Article 2, Section 5515(e).

² Restated Bylaw of Tahoe Donner Association, Article VII, Section 1.

2. Responsibly fund the Association's obligations and interests; and
3. Focus on safety, liquidity and yield, in that order.

II. DEFINITIONS

This policy shall be read and interpreted in conjunction with the definitions contained in the Financial Lexicon Policy.

III. INVESTMENT OBJECTIVE

The Association Funds shall be invested to achieve the following objectives:

1. Safety: To preserve the Association's monies against loss.
2. Liquidity: To quickly convert investments into cash when required to meet the Association's short- and long-term objectives.
3. Yield: To seek a reasonable return on the Association's monies, and avoid strategies emphasizing return over preservation of capital.

IV. AUTHORIZED INVESTMENT INSTRUMENTS

Authorized investments are specifically limited to the following categories for Association Funds:

1. Obligations backed by the full faith and credit of the United States Government, with a maximum maturity term of 10 years.
2. Checking or savings accounts, including money market accounts, at Banks and Savings and Loan institutions. Accounts must be insured by the Federal Deposit Insurance Corporation ("FDIC").
3. Certificates of Deposit ("CDs") of Banks and Savings and Loan institutions. CDs must be insured by the FDIC.
4. Money Market Fund accounts, which are not FDIC insured, with TDA's Board-approved financial institutions.
5. Commercial Paper rated A1/P1 by Moody's Investor Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC ("S&P"), provided that: (i) the issuer is a US corporation and not a subsidiary of a non-US corporation, (ii) the obligation is not

classified as a “structured” issue, and (iii) the issuer has a long-term senior debt rating of A3/A- or higher issued by Moody’s and S&P.

6. Corporate Bonds of New York Stock Exchange listed or NASDAQ listed United States corporations, rated A3/A- (or the equivalent rating) or higher by two of the following three rating services: Moody’s, Fitch Ratings, Inc. (“Fitch”) or S&P. After acquisition, should any bonds be rated A3/A- or higher by only one of the aforementioned credit rating agencies, then the Director of Finance and Accounting (“DFA”) shall consult with TDA’s investment advisers, TDA’s Treasurer and/or the TDA Finance Committee to determine the likely risk of loss of principal. If, after these consultations, it is determined that there is a material risk of loss of principal, the DFA shall make all reasonable effort to sell the bond(s) as soon as practicable. The maximum remaining term to maturity on these bonds will be 5 years from the date of acquisition.
7. Municipal Bonds (including bonds issued by California or any other state of the United States) with a remaining maturity term not to exceed 5 years from the date of acquisition rated ~~A2~~A3/A- or higher (or the equivalent rating) by two of the following three rating services: Moody’s, Fitch or S&P. After acquisition, should any bonds be rated ~~A2~~A3/A- or higher by only one of the aforementioned credit rating agencies, then the DFA shall consult with TDA’s investment advisers, TDA’s Treasurer and/or the TDA Finance Committee to determine the likely risk of loss of principal. If, after these consultations, it is determined that there is a material risk of loss of principal, the DFA shall make all reasonable effort to sell the bond(s) as soon as practicable.
- ~~8. State of California insured debt instruments or State of California debt rated Aa2/AA or higher (or the equivalent rating) by two of the following three rating services: Moody’s, Fitch, or S&P. After acquisition, should any bonds be rated Aa2/AA or higher by only one of the aforementioned credit rating agencies, then the DFA shall consult with TDA’s investment advisers, TDA’s Treasurer and/or the TDA Finance Committee to determine the likely risk of loss of principal. If, after these consultations, it is determined that there is a material risk of loss of principal, the DFA shall make all reasonable effort to sell the bond(s) as soon as practicable. The maximum maturity term on State of California debt is not to exceed 5 years from the date of acquisition.~~
- ~~9.~~8. Senior debt obligations issued by either the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac”), collectively defined as “Government Sponsored Enterprises”, or “GSEs”) rated Aa2/AA or higher (or the equivalent rating) by two of the following three rating services: Moody’s, Fitch, or S&P. After acquisition, should the bonds be rated Aa2/AA or higher by only one of the aforementioned credit rating agencies, then the DFA shall consult with

TDA's investment advisers, TDA's Treasurer and/or the TDA Finance Committee to determine the likely risk of loss of principal. If, after these consultations, it is determined that there is a material risk of loss of principal, the DFA shall make all reasonable effort to sell the bond(s) as soon as practicable. The maximum remaining term to maturity on these obligations will be 5 years from the date of acquisition.

V. INSTRUMENT LIMITATIONS

Limits on the above authorized investment instruments are as follows:

1. Cash and cash equivalent funds held in brokerage and bank accounts should be held at or below SIPC and FDIC insurance limits to the greatest extent possible. Liquidity needs for operating expenses and capital expenditures may at times necessitate cash and cash equivalent balances in a particular account to exceed FDIC insurance limits. This risk shall be minimized by the DFA.
2. Investments in each of the following investment categories are limited to no more than 20% of the individual Association Fund balances at the time the investment is made:
 - a. Corporate Bonds;
 - b. U.S. Government Securities, with a maturity term of more than 7 years;
 - c. State of California debt;
 - d. Municipal Bonds;
 - e. GSE debt with a maturity term of more than 5 years; and
 - f. Commercial Paper.

Except in the case of US Government and GSE obligations and short-term deposits and CDs issued by TDA approved banks, the aggregate amount of financial exposure, whether in long or short term investments, to any single issuer or obligor shall not exceed 10% of the balance, at the time of the initial investment, of whichever Association Fund holds that investment.

The implementation of this policy, including the associated investment controls, is focused on a forward-looking plan. It will not require the premature liquidation of any pre-existing investments prior to their respective maturity date, as those investments were in compliance with the percentage limitations in place at the time they were made.

3. The following approval requirements shall be in effect at all times:
 - a. Investments in instruments listed in Instrument Limitations item 2 above, with maturity terms of greater than five (5) years, require the concurrence of the DFA (or in the DFA's absence, the General Manager ("GM")) and the Treasurer (or in the Treasurer's absence, the President of the Board).
 - b. Occurrences that are outside this Investment Policy shall be reported promptly to the Board.
 - c. The GM or DFA may authorize all other investment transactions.
4. Long-term investments shall be made with the intention of holding them until maturity. Sales prior to the maturity date will require approval from the Treasurer and one other member of the Board. Losses on sales of securities prior to their maturity or call date are acceptable and may be taken (i) in order to reinvest the proceeds into one or more securities offering an income flow with a present value higher than would have been generated by the original investment (including the loss on sale incurred or interest foregone), (ii) in order to proactively protect the Association against a perception of higher risk in securities owned than was foreseen at the time of their purchase, (iii) to meet an unanticipated need for liquidity, or (iv) because a security has fallen out of compliance with this policy. Losses of up to \$10,000 may be approved by the DFA and the Treasurer, while losses in excess of \$10,000 require the prior approval of the DFA, The Treasurer and one other Board member.

VI. GENERAL ADMINISTRATION RESPONSIBILITIES

The DFA shall prepare annual forecasts of cash flow requirements for all Association Funds. The DFA annually shall also prepare a cash flow forecast for the Capital Reserves covering a period of not less than five years and ideally for ten years.

The Finance Committee and DFA shall meet quarterly to review investments, strategy, cash flow and the overall results of the TDA investment management. In addition, the Treasurer shall review and initial the monthly investment account reconciliations and report quarterly to the Board.

Services provided by banks, brokerage firms or Savings and Loans that provide required levels of insurance coverage for investor accounts, shall be utilized in administering this Policy.

Banks, brokerage firms and other financial institutions with whom TDA transacts for banking and investment services shall be selected based on the following criteria: the reputation and

financial strength of the company or financial institution, and the reputation and expertise of the individuals employed. The list of acceptable banks and brokerage firms who handle Tahoe Donner Association investments shall be determined annually by the Treasurer and the DFA.

All securities in the various Association Fund portfolios shall be held in custody for Tahoe Donner Association by nationally recognized banks, brokerage firms, or third-party custody firms with appropriate liability/indemnity insurance. Those firms who serve as custodians of Tahoe Donner Association investments shall be determined annually by the Treasurer and the DFA.

Any changes to this policy or authorized signatories shall be sent to the appropriate brokerage firms immediately. Any brokerage firm holding Association Funds and/or other investments of TDA, shall provide (paper or digital), investment and deposit confirmations and complete monthly statements to the Association.

VII. APPROVAL

Approval of the Investment 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: June 27, 2025

BENJAMIN LEVINE, President

COURTNEY MURRELL, Secretary

DENISE GAUNY, Vice President

DON KOENES, Treasurer

JIM ROTH, Director

CERTIFICATE OF SECRETARY

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27, 2025, and entered in the minutes of such meeting. The Policy as of this date has not been modified or appealed and is, as of now, in full force and effect.

DATED: _____

COURTNEY MURRELL, Secretary

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