

**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:

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**I. PURPOSE**

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

**Development Fund:** The Development Fund<sup>1</sup> (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:

- The New Capital Projects Fund (NCPF) is used to provide funding for new Capital Projects. Such Capital Projects include without limitation:

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<sup>1</sup> 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.

- 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 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,<sup>2</sup> 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 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,<sup>3</sup> 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.

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.

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

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

## **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

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