

**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;”<sup>1</sup>

**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;”<sup>2</sup>

**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;”<sup>3</sup>

**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;<sup>4</sup> 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:

**I. PURPOSE**

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

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

<sup>3</sup> 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.”

<sup>4</sup> Restated Bylaws of Tahoe Donner Association, Article XII, Section 3.

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 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 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.<sup>5</sup>
- 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 Common Expenses and projected revenue from sources other than the annual regular assessment.<sup>6</sup>
- Improve and promote the benefits, value, enjoyment, and experience derived from Tahoe Donner membership:

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<sup>5</sup> First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).

<sup>6</sup> First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b).

- 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.<sup>7</sup>

## **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.

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.

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

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.<sup>8</sup>

## **VIII. EXPENDITURES**

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<sup>8</sup> First Restated Declaration of Covenants and Restrictions of Tahoe Donner, Article IV, Section 2(b)

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.<sup>9</sup>

## **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.<sup>10</sup>

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.

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<sup>9</sup> 2025-12, Authorization Levels Policy.

<sup>10</sup> Restated Bylaws of Tahoe Donner Association, Article XII, Section 5, Budgets and Financial Statements.

## **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

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