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 Reserves[1]; 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 Directors[2]; 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;
2. Responsibly fund the Association's obligations and interests; and

[1] Davis-Stirling Common Interest Development Act, Chapter 7, Article 2, Section 5515(e).
[2] Restated Bylaw of Tahoe Donner Association, ArticleVII, Section 1.

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 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 with a remaining maturity term not to exceed 5 years from the date of acquisition rated A2/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/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. 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