



**DC Ranch Association
Board Report 3-2-2020 #2**

Subject Matter: Proposed Policy 209 (Capital Improvement Fund)

Background: With the 2020 budget approval, the Board approved the development of a capital improvement fund. The Board requested a related policy. Once approved, the fund would be created and \$25,000 in 2019 operating surpluses would provide for the initial funding.

The Policy Committee approves the accompanying proposed policy. The proposed policy was also sent to the Budget and Finance Committee; no objections were received.

The proposed policy creates the Association's Capital Improvement Fund; it defines the following:

- Capital improvement expenses
- Accounting procedures
- Prioritizes safety, liquidity and return on investments
- Use of funds
- Unallocated funds
- Board approvals
- Initial funding

Section 102.4c of the Policy for the Management and Development of Policies reads as follows: *When the Policy Committee recommends a new policy or a change to a policy and prior to the Board's formal vote, community members shall be provided with a 30-day comment period, where they are afforded an opportunity to provide input and comment on the proposed policy. The proposed policy or policies will be posted on the community's website and notice regarding the posting will reflect in the weekly This Week on the Ranch e-mail to DC Ranch residents.*

The Board can conditionally approve this proposed policy and post it for the required 30-day member comment period. The policy can then be formally considered at the May 4, 2020 regularly scheduled board meeting.

Recommendation: Conditionally approve proposed Policy 209 and post for the 30-day member comment period.

A handwritten signature in black ink, appearing to read 'Darren Shaw', is written over a horizontal line.

Darren Shaw, Executive Director



**DC Ranch Association
Policy 209
Capital Improvement Fund Policy**

Date of Adoption:

Effective Date:

Last Revised:

209.1 Purpose: The purpose of this policy is to define the guidelines and parameters associated with the establishment of a Capital Improvement Fund. The implementation of this fund provides a funding to pay for new assets, construction of new amenities, and the upgrade of existing assets as determined and approved by the Board of Directors.

209.2 Scope: This policy applies to the Capital Improvement Fund of the DC Ranch Association (DCRA).

209.3 Responsibility/Authority: The DC Ranch Association Board of Directors.

209.3a Delegation of Authority: DC Ranch Association's Board of Directors delegates some of its responsibilities to the Executive Director, such as cash management and investments associated with capital asset purchases and maintenance. The Executive Director works closely with the Director of Financial Operations.

209.4 Introduction: DC Ranch Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets. DC Ranch Association delivers high quality and consistent operations, landscape, maintenance and security services with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life.

209.5 Capital Improvement Expense Definition: The criteria for a Capital Improvement Fund expense is 1) the asset shall have a lifespan of greater than one (5) years and 2) it's initial cost shall exceed \$5,000.

209.6 Accounting Procedures: Capital Improvement Funds will be invested in accordance with the DCRA Investment Policy. While the Capital Improvement Fund may be pooled with other investments to maximize earnings, the principal and interest earnings will be tracked separately. The monthly financial statement shall reflect all fund activity.

209.7 Funding:

209.7 (a) Initial funding will be secured via a \$25,000 contribution from the Association's 2019 operating fund surplus.

209.7(b) Subsequent funding will be approved by the Board of Directors as a part of the annual budget approval process. The Board of Directors may also opt to use unrestricted operating fund surpluses at year end and/or other sources identified by the Board of Directors.

209.7(c) Unallocated funds will not exceed \$250,000.

209.7 (d) All fund expenses and project funding plans shall be approved by the Board of Directors and will reflect in the board meeting minutes.

209.8 Use of Funds: The Executive Director will prepare an annual Capital Improvement Fund Budget. The budget will be presented, as part of the overall budget proposal process, to the Board of Directors for approval by no later than November 15 of the prior year.

The Executive Director, with the Director of Financial Operations, is responsible for ensuring that the Capital Improvement Fund is maintained and used only as described in this Policy.

Approved By: _____ Date _____
Board Secretary

Effective Date: _____