



FINANCE COMMITTEE MEETING REPORT: July 12, 2018, NWCH

ATTENDANCE:

Members present: King, Dundas, Eyton-Lloyd, Hunter, Stang, Ravano, Johns

Members absent: Leibow, Anderson

Staff Present: Salmon, DFA; Huisman

TD Board member: Koenes, Connors

GPC Liaison: Miller

TD Member: Sullivan, Colbert, Wu, Murrell

AGENDA ITEMS:

A. Call to order; 3:00pm, quorum present.

B. Member Comment: None at meeting; McClure's comments posted on FC website.

C. 7/12/18 Agenda approved 7-0 and 6/14/18 minutes approved 6-0, King abstained (Johns 1st, Dundas 2nd).

D. Review of June Financial Statements – Prior to the meeting, Salmon distributed a draft of the June preliminary financials. They are expected to be finalized on June 13th. It was a good month in that the NOR ended up at \$4400 better than budget and \$54,200 ahead of last year.

Highlights include:

1. Overall, the net result of ALL amenities shows a NOR of \$63,000 better than budget and \$160,000 better than last year. The Lodge and Summer F & B, had the best results. Together, they were \$56,000 better than budget. Forestry was \$24,000 worse than budget due to timing issues.
2. General costs were \$29,000 over budget for June (\$79,000 year to date) due primarily to higher than expected Board of Director costs (longer meetings, legal fees and use of outside counselor). The FC is concerned about this trend and will continue to monitor. YTD costs are \$68,000 high than last year.
3. NOR YTD is \$142,000 off budget and \$884,000 off last year. But this result has continued to improve over the last few months.
4. YTD Golf results are \$38,000 better than budget and \$68,000 better than last year.

As of June 30th, Member's Equity is estimated to be \$2,149,000, which is \$903,000 ahead of the minimum operating fund reserve requirement.

So far, July NOR is about \$15,000 better than budget.

Salmon reported that NOR for the Summer Concerts is approximately \$52,000, which is \$10,000 lower than budget and \$12,000 lower than last year. Ticket sales have continued to drop, mostly on the second day. New this year, was sponsorship revenue of \$8600 plus the VIP tent.

E. Update on Board assigned projects–

- A. Elasticity of Demand Pricing Models – management has started working on this in the area of Downhill Skiing. No estimated completion date yet. The FC is still waiting for answers to our questions from the Board regarding this project.
- B. Fiscal Year End Change – Pro/Con – We received our response from our outside auditors which gave no recommendation other than to say they agree with the pros and cons of the 2001 Gravel memo. After much discussion regarding the business years of our amenities, we concluded that the business of TD is running our HOA, which by our governing documents, is a calendar year. That pretty much ended the discussion. The FC voted 7-0 (Dundas 1st; Ravano 2nd) to recommend to the Board, that TD leave its year end at 12/31. This concludes our work on this project, unless they need a formal memo stating our results. King will report on this at the July Board meeting.
- C. Model: Zero CPI +1% limits to Annual Assessment for 5 years – No work has been done on this as the FC is waiting for responses to our questions from the Board. The FC needs clarification regarding the purpose of this project.
- D. Allocated Overhead Model for future HOA/Amenity Cost Planning Efforts - Mike Salmon is building an Overhead Allocation model as part of the 2019 budget. He provided some preliminary allocation schedules. We will review in greater detail next month. The FC is waiting for responses to our questions from the Board regarding the need for this type of allocation. As part of our discussion, Director Connors confirmed that the Board does not expect the 2019 budget to reflect breakeven NOR for all amenities, as that is a stated goal of the Board. All agreed that requiring breakeven NOR for all amenities wouldn't be reasonable or responsible in the 2019 budget. We did discuss ways to prepare the budget to show some improvements in financial results. Salmon will implement these changes where ever possible.
- E. Financial impact of use of TD amenities by the "Public". This is a new project for the FC. We had a long discussion regarding controlling guest passes. This is currently under review. Since this is such a potentially large project, we all agreed that Salmon would do what he could to integrate the high-volume parts of this into the 2019 budget. But that the rest of the work on smaller portions could be delayed until after the budget is finished.

F. Budget Strategic Assumptions including Overhead Allocations – Salmon quickly reviewed his Overhead Allocation schedules. We will go into this in more detail in

August when we review the preliminary 2019 budget. At that time, he will also provide a list of his allocation assumptions.

G. Proposed Committee and Task Force Code of Conduct – King led the discussion regarding the proposed Code of Conduct that Committee and Task Force members may be asked to sign. There were mixed feelings about (1) what the CofC should say; (2) that any CofC should be the same as the one signed by the Board; (3) the section regarding the limited use of committee emails was not favorably received (We aren't even sure this type of clause would be enforceable) and (4) is a CofC for Committee and Task Force members even necessary.

Since the current draft version still needs revision; discussion at the upcoming July Board meeting and Committee meetings, we will wait until August to continue our discussion. In the meantime, we will gather information from the other Committees.

H. Finance Committee –

a. New Member – We had a discussion regarding the opening we have on our committee for a new Alternate member. We'd like to fill it as soon as possible since we are in budget season. We had the opening publicized on the FC site but apparently there was some mix up on getting the word to TD members. As a result, we delayed our discussion until August. Currently we have three TD members who are interested (Bonzon, McGrath, Wu) King will follow up to make sure applications are filed if there is still an interest. We'll also monitor our website to see if there are any other members interested.

b. Transition from Alternate to regular member - As we have in the past, we typically look at seniority when making this change. Cathy Ravano is our longest standing Alternate member and has been for many years. She passed up the opportunity to become a regular member a year ago because of the difficulty of calling in to meetings. Since that time, technology has improved so she is able to participate in all meetings and she has expressed her desire to make the change. After some discussion and much support, the Committee voted 7-0 (Johns 1st; Dundas 2nd) to recommend to the Board that they appoint Cathy as our newest Regular member. Cathy will complete the application and forward to Admin.

I. Update on

a. Equestrian – Stang will forward a written update.

J. Agenda Items for August meeting

- a. Review of preliminary 2019 Budget
- b. Update from new Board President – Jennifer Jennings
- c. Q2 Capital Funds Update, (time permitting)

NEXT MEETING DATE: August 15th, 2018, 3:00 pm, NWCH

ADJOURNMENT: 5:06 pm; (Johns 1st; Eyton Lloyd 2nd) Approved 7-0

Prepared and Submitted by: Art King, FC Chair