



FINANCE COMMITTEE MEETING REPORT

January 10, 2019

Mezzanine Room, Northwoods Clubhouse

ATTENDANCE

Members: Leibow, Dundas, Hunter, Eyton-Lloyd, Ravano, Johns, Stang, Anderson, Wu

Absent: Bonzon

Ex-officio: Salmon, Etnyre

Board Liaisons: Connors, Koenes

GPC Liaison: Absent

TD Members: Steve Mahoney, Larry Baker, Terrence Watson, Ed Melia, Courtney Murrell

AGENDA ITEMS

1. Call to Order, Quorum, and Agenda - 3:31 pm, quorum present. Agenda item added at the end of new business to discuss the Finance Committee Charter. Agenda and change approved unanimous vote (Wu 1st, Eyton-Lloyd 2nd). Approved December 15, 2018, FC Report by unanimous vote (Johns 1st, Leibow 2nd).
2. Member and Committee Member Comments – None
3. Committee Management –
 - a. Acting Chair Dundas presented revise FC Meeting Calendar with 3-year outlook with a view to better align availability of monthly financial reports with FC meeting dates. Currently established for 2nd Thursday each month in order to allow time getting committee report ready for scheduled monthly TDABOD Meeting. Having already approved calendar and members have planned around these dates determined that changing dates would not be feasible. Compromise reached that we would continue meeting on the 2nd Thursday each month and that the practice of reviewing preliminary report for most recently ended month would continue. However, would add to the financials a more thorough review of the complete monthly financials one month removed. This will afford all members to ask more in-depth questions from a complete unaudited financial package. 3-year outlook also looks ahead to allow all committee members to better plan into the future.
 - b. A revised FC Organization Chart was presented to the members by Acting Chair. Revision included changes approved by the TDABOD at the January 9, 2019 Special Meeting.
 - c. Election of Chair for 2019. Acting Chair solicited nominations for the Chair of the Committee. Corey Leibow was nominated by Johns and 2nd by Anderson. By unanimous

vote Leibow was elected to serve as Chair for 2019 and assumed leadership of the remainder of the Meeting. The new Chair (Corey Leibow) suggested and received unanimous agreement that he will appoint a rotating quarterly Vice-Chair for 2019. The Vice-Chair will help the Chair by recording and co-authoring “The Committee Meeting Report”, co-authoring the monthly Agenda and substituting as “Acting Chair” in the absence of the Chair at a given meeting.

4. Old Business:

a. Updates and short discussion provided on the following tasks:

- i. Elasticity of Demand Pricing Models – In progress at downhill ski this winter. Report after ski season to see results of this strategy in Spring 2019.
- ii. Fiscal Year End Change – Tasks closed out in 2018 by briefing by Art Chair, former Chair, to the TDABOD at December 2018 TDABOD Meeting. No further action.
- iii. Model: Zero CPI +1% limits to Annual Assessment for 5 years – Discussion ensued resulting in Committee asking for TDABOD assistance to clarify need and specific purpose of this project. No work has been done on this as the FC is waiting for responses to our previous questions from the Board.
- iv. Allocated Overhead Model for future HOA/Amenity Cost Planning Efforts – Models implemented in 2019 Budget Report and pricing for winter/summer 2018/2019 seasons. Will schedule review with Mike Salmon in Spring 2019 after data collection for winter season is complete.
- v. Financial impact of use of our amenities by the “Public”. Complementary action with 4.a.iv above. Schedule review with Mike Salmon in Spring 2019.

b. Review of General Department expenses which are over budget, particularly Legal Costs – Director Connors reported that TDABOD is still trying to get records from former legal counsel regarding extraordinary high legal fees over the past year. Still owe former counsel approximately \$45,000 for services but remains unpaid due to lack of detail in billings. Higher than normal expenses appear to be due to a director obtaining individual counsel unbeknownst to rest of the Board. TDABOD pursuing resolution between current counsel and former counsel on this issue. Looking at recent history (2013-2016), it looks like the current Board (2017-2019) has far exceeded Board Expenses compared to prior years. The Finance Committee recommends that this Board pay much closer attention to expenditures and resolve whether these recent expenditures are an anomaly or for whatever reason, now standard expenditures moving forward and need to be addressed in next year’s Budget discussion.

c. Review Financial Policy Resolutions – Dundas reported that Decision Paper and revised Replacement Reserve Fund Policy has been forwarded for approval by the TDABOD at the January 2019 BOD Meeting. Review task to be completed in 2019 is review of 2014-1, Financial Planning, Budgeting, and Reporting Procedures.

5. New Business:

a. Review Actual to Budget Monthly and Yearly Financial Performance – Preliminary financial report provided by Salmon. NOR for the month of December 2018 is \$400,661 better to budget (budgeted negative (\$310,000), actuals positive \$90,661. Revenue up 38% and Total Operating Expenses down (8%). Contributing factors include early opening of cross country, snowmaking, cold conditions, and increase ski visits.

Year to Date NOR is up 8% (\$493,149) with Revenue up 7% (\$873,477) and TOE down 2% (\$380,328).

Members Equity balance is \$2,300,000 (\$1,400,000 in OF Contingency Reserve and \$900,000 currently in OF).

To date 40% of Owners have paid the 2019 Annual Assessment. AA is due Jan 1st annually and delinquent March 1st.

Finance & Accounting Department is beginning intense period of action which includes close of the 2018, adjustments to 2018, conduct the annual audit and preparation of the 2019 Annual Report.

b. Designation of FC 5501 Subcommittee Member – Discussed how to best meet the FC commitment to participate in the new monthly requirement to review specified financial documents mandated by recently passed State of California legislation. Meeting will occur during the 3rd week each month. Designated FC participants are: Jan-Dave Hunter, Feb & Mar-Marty Anderson. The Finance Committee intends to appoint a Member to participate in this Subcommittee for each quarter in 2019. It was also recommended that the TDABOD pursue an exemption to the onerous requirement on large HOAs because we are already audited on an annual basis unlike many smaller organizations.

c. Review Reserve Fund Investments Financial Performance – Committee voiced concern over the purpose of this idea. Is it to review monthly investment performance? Review current Investment Policy? May result in possible Investment Subcommittee.

d. Review Development Fund and Replacement Reserve Fund Activity– Salmon lead a discussion of the Capital Funds Summary contained in the Monthly Financials found on line in TDA Website (Section F). This included Capital Funds (CF) Summary, CF Reconciliation, CF Projection Schedule, and Capital Spend Master Schedules for NEF and RRF. Question was raised by Board Liaison Connors as to the need for New Equipment Fund. It has been in place for many years and is used to take advantage of new recreational activities, programs events, or new items that will enhance the overall enjoyment of members or equipment that enhances the service to members. No specific action directed.

e. Charter Discussion (ADDED) – Discussion centered around the current organization of FC. Specially, how many members to add to the Committee to accommodate any additional TDA members who wish to volunteer to serve. The Finance Committee agreed that the current level of 10 has been adequate but recommended that 11 would also be an

acceptable and manageable number as the Charter is currently being updated by The Board. There most likely will be Finance subcommittees created by the Board in 2019 and all applicants that are not selected for 2019 membership could be eligible to participate in these subcommittees. We also discussed type of membership, regular vs. alternate. Does there need to be a distinction? How many for a quorum? Voting vs. non-voting? The Committee submitted its recommended revisions of the Charter to The Board.

6. Preliminary Agenda Items for next meeting **February 14, 2019 Meeting at 3:30 PM** (Happy Valentine's Day), NWCH
 - a. Review of year-end Balances/Activity: Operating and Capital Funds
 - b. Review TDA Employee Incentive Program – Educational
7. Adjournment – 5:46 pm (Anderson 1st, Eyton-Lloyd 2nd)

Prepared and Submitted by: Corey Leibow, Chair, Finance Committee