



FINANCE COMMITTEE MEETING REPORT

March 14, 2019

Mezzanine Room, Northwoods Clubhouse

ATTENDANCE

Members: Leibow, Eyton-Lloyd, Ravano, Stang, Wu, Anderson, Hunter, Melia, Mahoney

Absent: Johns, Bonzon, Dundas

Ex-officio: Salmon, Etnyre (Absent)

Board Liaisons: Connors, Koenes

GPC Liaison: Steve Miller

TD Members: Terry Watson, Jim Colbert

AGENDA ITEMS

1. Call to Order, Quorum, and Agenda: 3:31 pm, quorum present. Agenda approved unanimous vote (M. Anderson 1st, D. Hunter 2nd). February 14, 2019, FC Report approved by unanimous vote (M. Anderson 1st, D. Hunter 2nd).
2. Member and Committee Member Comments: None
3. Committee Management: Welcomed new members Steve Mahoney & Ed Melia.
4. New Business:
 - a. 2018 Annual Audit Review: Bobbie Hales, partner with Gilbert Associates, our independent auditors presented the final draft of 2018 audit report. There was no audit adjustments or internal control findings noted by the auditors. The association is in a sound financial position, with assets up 4.3% and members equity up 4.7% over last year end. Bobbie went out of her way to recognize the professional and excellent work that was apparent in dealing with Mike Salmon and his Finance team during this audit process. She also indicated that working with Tahoe Donner as our Audit Partner for many years, our current finance processes, and financial condition has never been better. The committee asked several questions of the auditor, which were answered. No changes were recommended by the committee. Annual Report which includes this audit report is next up, drafted in April for May issue of TD News Magazine.
 - b. February Preliminary Financial Verbal Briefing and January Financial Report Review – DFA. Salmon indicated despite a record snowfall month, February results were favorable to Budget \$64,000 with revenues up \$112,000/6%. Downhill was primary driver of favorable results, snow play was negatively impacted by the weather/conditions. Operating Fund members equity is now \$1.3 million over OF Contingency Reserve Balance, and recommendation regarding transfer amount/fund(s) will need to be formulated by FC in time for 2020 Budget

- strategic guidance in July. The month of March is currently trending slightly ahead of budget. Summer budget is on the aggressive end of spectrum.
- c. January Financial Report. No clarifying matters were needed or discussed.
 - d. Review Finance/Accounting Resources Organizational Chart – DFA. Salmon briefed the committee regarding accounting and finance resources of the association. There is an infinite number of questions/tasks that are being created by the Board and others, yet a finite amount of our resources available.
 - e. Investment Performance Quarterly Review - DFA
 - i. A. Salmon provided FC for review:
 - 1. Current investment policy
 - 2. April 2018 FC Review of investments related Decision Paper for the Board
 - 3. Investment Yields and background information
 - a. Investment Details for February 2019
 - b. The yield spread between 2-3 year and 6 month to 2 year is narrow, and therefore majority of current holdings are on the shorter-term side and we are heavy in US Treasuries. This works well for rising rates, however, does not cover a decrease in yields. Regarding managed funds, the majority of any gain in return would be offset by the management fees, when holding to our current investment policy instrument restrictions.
 - f. After a thorough review of our investment strategy and positions, we had 2 votes on recommendation to the Board of the necessity to create an Investment Subcommittee – The first vote was whether to recommend to the Board, the creation of a “Formal” investment subcommittee with its own charter. This motion was defeated 5-2 (The 2 that voted for the formal subcommittee indicated that they would be fine with either a formal or informal subcommittee). The second vote was to recommend to the Board that we create an “informal” subcommittee with NO formal charter which would consist of our Finance Committee “Investment Experts” Marty Anderson and Steve Mahoney along with Jeff Connors and Mike Salmon. They would meet approximately one week before the Finance Committee’s scheduled quarterly reviews to review investment performance and strategy in detail and come prepared to discuss in the Finance Committee quarterly review. We would try this for the next 2 consecutive quarterly Finance Committee reviews to experience its success or failure and then decide if this is adequate or a more “Formal” subcommittee needs to be established. This vote passed unanimously 7-0. Jeff Connors clearly did not agree with our “compromise” informal subcommittee vote and recommendation to the Board and when asked why, he indicated to me that his reasoning was largely based on the fact that the Finance Committee did not review these investments on a “regular” quarterly basis in the past, and he didn’t trust we would do so this year and in the future. These comments really struck me as insulting to me, the Chair as well as to the rest of the Committee as we have clearly put these reviews on our Calendar and I’ve given my word repeatedly that we will now be doing this religiously on a quarterly basis.

- g. 5501 Subcommittee Report –DFA - Report was reviewed, no follow-up matters directed by committee. Marty Anderson participated in January review and will also participate in February’s review. Thank you, Marty. For March review on April 23rd, a committee designee needs to be assigned. Steven Mahoney has tentatively volunteered depending on the actual date of the meeting (assuming no change in date again).
 - h. We briefly discussed the request from GPC to enlist some finance committee members for help with the downhill lodge and snowmaking projects. We currently have 3 Finance Committee members helping with the downhill ski lodge project (Corey L., Steve M., & John D.) and will need volunteers for the snowmaking project once more definition is supplied by GPC.
5. Preliminary Agenda Items for next meeting **April 11, 2019 Meeting at 3:00PM NWCH**
- a. Annual Report DRAFT Review-DFA
 - b. March preliminary finance review and February detailed finance review-DFA
 - c. 5501 Subcommittee Report – Anderson/DFA
6. Adjournment – 5:45pm (Stang 1st, Wu 2nd)

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