



FINANCE COMMITTEE MEETING REPORT: December 13, 2018, NWCH

ATTENDANCE:

Members present: King, Leibow, Dundas, Eyton-Lloyd, Ravano (Phone), Anderson (joined in progress), Hunter, Wu (Phone)

Members absent: Johns, Stang

Staff Present: Etnyre, GM; Salmon, DFA; Rodman, Exec Asst, Huisman, DCP

TD Board member: Koenes, Connors

GPC Liaison: None

TD Members: Bonzon, Murrell, Mahoney, McClure, Colbert

AGENDA ITEMS:

A. Call to order; 3:02 pm, quorum present.

B. Member Comment – None

C. 12/13/18 Agenda and 11/15/18 minutes approve – Approved by vote 7-0, (Leibow 1st, Eyton-Lloyd 2nd) (Anderson not present yet)

D. Review preliminary November financial results - NOR Results for month of November were ahead of budget by \$22,300. The Lodge, Downhill Ski and Golf (accounting adjustments) and trails (accounting adjustments) showed positive results. Administrative costs were over budget by \$90,000 due primarily to the accrual of incentive bonuses.

YTD NOR is now \$49,000 ahead of budget. Members Equity is \$1.8 million which is \$415,000 in excess of the 10% operating fund Contingency reserve.

December results are not known yet as it will depend on the weather of the last 10 days.

E. Review of General Department expenses which are over budget, particularly Legal Costs – Director Connors indicated that this topic will be discussed at the next Executive Session. He says he was surprised that they were so high. Apparently one of the Directors was incurring legal costs without the approval of the president. The FC suggested that this practice not be allowed and that a policy requiring the President's approval be adopted. Connors says he will report back next month.

F. Decision Paper regarding the new law CA AB2912 – Salmon briefed the committee on new California law effective 1/1/2019 which adds additional financial oversight

responsibilities for the Board of Directors of homeowner associations. In summary the law now requires:

1. Monthly review of financial details of the association, including check registers, reconciliations, bank statements, and general ledger details. The law does allow for a Board designated subcommittee (with no less than 2 board members participating). Salmon has recommended a least one FC member participate as well. FC member designees for the monthly meetings of 2019 needs to be established at the January FC meeting.

2. Board approval of all transfers over \$10,000. Salmon has prepared a board resolution to handle this new law.

Refer to 12/15 Board Meeting, Item 16 for Decision Paper full details and resolutions for items 1 and 2 above.

G. Update on progress regarding the Boards request that the FC review the following five strategic goals:

1. Elasticity of Demand Pricing Models – report **after** ski season to see the results of this strategy.
2. Fiscal Year End Change Pro/Con – King will present the FC’s findings and recommendations at the December Board meeting. The findings and recommendations were originally submitted to the Board in July.
3. 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.
4. Allocated Overhead Model for future HOA/Amenity Cost Planning Efforts – Will review with Mike Salmon in the spring 2019.
5. Financial impact of use of TD amenities by the “Public”. – Will review the results with Mike Salmon in the spring 2019.

H. Discussion and Review of Administrative Resolution 2018-5, Replacement Reserve Fund Policy – Dundas had provided the proposed revised policy. He discussed the few changes that the sub-committee is proposing and asked FC members to get back to him within a week if they had any questions or suggested changes. If there is nothing significant, the FC can vote by email to adopt in time to present to the TD Board in January. If there are many issues, it will be discussed again at the January FC meeting.

We did discuss the 25% Percent Funded level and the RRF balance is equal to 10% of our Net Replacement Reserve Assets.

I. Discussion and Approval of the 2019 FC Calendar – King presented a draft calendar prior to the meeting and asked for comments. None were received. At the meeting, we did confirm again that the second Thursday of the month still works for Salmon. The Board is moving their monthly meetings back to the fourth Saturday of the month. This allows time for the FC minutes to be submitted each month in time to make the Board deadline.

J. Annual Review of Investment Policy – This topic was postponed until January.

NEXT MEETING DATE: January 10, 2019: 3:30 pm, NWCH

Agenda Items:

1. Elect 2019 FC Chairperson (Dundas and Leibow will prepare the January agenda)
2. Review of Investment Policy and 2018 results
3. Capital Funds Projection update including tutorial of the Replacement Fund (Wu’s questions)

4. Review of General Department Expense overruns – Connors
5. Determine who on the FC will attend the monthly financial meetings required by AB2912

ADJOURNMENT: 5:02 pm; (Dundas 1st; Anderson 2nd) Approved 8-0.

Prepared and Submitted by: Art King, Finance Committee Chair