



## **FINANCE COMMITTEE MEETING REPORT: October 11, 2018, NWCH**

### **ATTENDANCE:**

Members present: King, Hunter, Dundas, Ravano, Johns, Stang, Wu

Members absent: Eyton-Loyd, Anderson, Leibow

Staff Present: Etnyre, GM; Salmon, DFA; Rodman, Huisman

TD Board member: Koenes

GPC Liaison: Miller

TD Member: Murrell, McClure

### **AGENDA ITEMS:**

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

**B.** Member Comment: None.

**C.** 10/11/18 Agenda and 9/13/18 minutes approved 7-0, (Dundas 1<sup>st</sup>, Johns 2<sup>nd</sup>).

**D.** Director Koenes reported that the Board had limited discussion at its last meeting regarding our concerns about Director Connors comments and his role as FC liaison. As for now, Director Connors will remain a liaison to the FC. Apparently, the Board has not reached any other conclusions. We will keep this on our agenda until there is a resolution.

Koenes did report that in concern over the nature of the comments, that the Board requested that staff audio record all FC meetings starting in October. Our Committee did not believe that this was necessary, but if done, then ALL other committees should be recorded also.

**E. Review of September Financial Statements** – At the meeting, Salmon distributed a “preliminary” September financial statement. NOR for the month is \$187,000 better than budget and \$90,000 higher than last year.

Highlights include:

1. Golf is \$19,000 better than budget for the month and \$6600 worse than budget YTD.
2. The Lodge had a great month and ended up \$50,000 better than budget and YTD is \$166,000 better than budget.
3. Forestry financial results included revenue from a grant of \$65,000.

YTD NOR results are \$89,000 better than budget. Salmon stated that October results will be about \$40,000 lower than budget.

Members Equity is \$800,000 higher than the minimum operating fund reserve requirement.

**F. Fiscal Year End Project** – King reported that he will report on the FC’s recommendation regarding a potential year end change at the October Board meeting. (Note: This has now changed to December) As a reminder, our recommendation is not to change the year end. He is working on a power point and will forward to the Committee as soon as it is ready.

**G. Comments regarding the proposed Guiding Principles of Conduct**– During the month, we were presented with a proposed Principles of Conduct document that was prepared by the TD Board of Directors. The GPC working with their Subcommittees came up with an alternative version of this document. We discussed both versions at our meeting. We decided that the version prepared by the GPC would be a better choice. We voted 6-0 (Johns 1<sup>st</sup>, Hunter 2<sup>nd</sup>; Wu abstained) to recommend that the GPC version be adopted. Our position will be forwarded to the Board.

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

- A. Elasticity of Demand Pricing Models – Etnyre reported on the progress they have made. We asked that we get a report **after** ski season to see the results of this strategy.
- B. Fiscal Year End Change – We will report our findings at the October (Now December) Board meeting (Item F above).
- 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 – The Overhead Allocation was prepared as part of the 2019 Budget. The FC will review results during 2019.
- E. Financial impact of use of TD amenities by the “Public”. – This was not discussed at the meeting.

**I. Discussion and Approval of Updated Operating Fund Policy**- Dundas presented the proposed reviewed and updated Operating Fund Policy. Besides some wording changes, the primary change is to increase the minimum Operating Fund Contingency Reserve (OFCR) from \$500,000 to \$750,000. After some discussion, we voted to approve the proposed revised policy and to recommend to the Board that they adopt it, 7-0 (Stang 1<sup>st</sup>; Ravano 2<sup>nd</sup>). We expect this will be on the consent calendar at the October Board meeting.

**J. Discussion of Auditor renewal** – At our October 2017 FC meeting, we proposed that TD ask our current auditors Gilbert Associates for a three-year extension to our audit agreement. Subsequent to that meeting, per the request from Salmon, Gilbert agreed to keep the audit fee the same for three years (2018 – 2020), but they did not present us with a new engagement letter. Management and the Board were considering going out for bids from other firms for the 2018 audit. As a result of the last proposal process, management reported that Gilberts fee was \$5000 to \$10,000 less than the other proposals. The FC recommends that we continue with Gilbert for one additional year for the primary reason that with all of the

additional work being requested of the accounting department, that changing auditors at this time would place additional unneeded burden on the accounting department. One year from now, we can ask for proposals from other CPA firms.

As part of our research, we determined that one half of Gilberts practice is working with Non-Profits and Associations. So, we are confident that they have the professional experience to continue to work with TD.

**K. Update and Discussion regarding 2019 budget** - Salmon reviewed changes to the proposed budget since our last meeting in September. The primary change was that the Operating budget decreased from \$900 to \$890, as a result of about a dozen smaller changes. **After discussion regarding the budget, the FC agreed on the following recommendations to the TD Board.**

First, we recommend that \$500,000 of the excess Equity in the Operating Fund be transferred to the Replacement Reserve Fund. 7-0 (Johns 1<sup>st</sup>; Dundas 2<sup>nd</sup>).

Second, we recommend that the Board approve Salmon's recommendation that the Annual Assessment be increased to \$1975 7-0 (Johns 1<sup>st</sup>; Ravano 2<sup>nd</sup>) with managements recommended allocations as follows: Operations \$890; Development Fund \$335; Replacement Reserve Fund \$720; New Equipment Fund \$30.

The reason for this recommendation is that the AA has been \$1900 for the last three years so the FC believes a small increase would not be unexpected. Particularly since the entire \$75 increase is going to the funds plus the \$50 from the decrease in Operations. We don't believe there would be a concern from members regarding the increase and it is a good strategy for TD.

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

**ADJOURNMENT:** 5:02 pm; (Johns 1<sup>st</sup>; Stang 2<sup>nd</sup>) Approved 7-0

Prepared and Submitted by: Art King, FC Chair