



FINANCE COMMITTEE MEETING DRAFT REPORT

April 9, 2020

Mezzanine Room | Northwoods Clubhouse

ATTENDANCE

Members: Dundas (Chair), Mahoney, Ravano, Eyton-Lloyd, Watson, Miller, Bonzon

Absent: Melia, Anderson

Ex-officio Members: Salmon

Board Liaisons: Connors (Absent), Koenes (Absent)

GPC Liaison: Lindgren

TDA Members: Colbert

TDA Staff: Bennett

AGENDA ITEMS

1. **Call to Order / Call for Quorum:** Meeting called to order by Dundas, Chair, at 3:11 pm. 6 Member quorum present (Miller joined the meeting at 3:35p.m.)
2. **Approval of Agenda:** Motion to approve Agenda, Mahoney 1st, Eyton-Lloyd 2nd; passed 6-0.
3. **Approval of Committee Report, March 12, 2020:** Motion to approve report, Ravano 1st, Bonzon 2nd; passed 6-0.
4. **Member and Committee Member Comments:** Bennett advised the committee that the meeting was being recorded per the Board's directions and that copies of the recording would be available only upon request rather than posted online due to the size of the file.

DFA Salmon reported on his impressions of working with McClintock, the new external audit firm. The level of materiality was lower than normal, hopefully because this was the first year of the engagement. The 2018 restatement of revenues and expenses by amenity took a lot of time, but the expense should be offset by their finding that we could claim the benefit of FICA taxes paid on tips for all the remaining open years.

5. **Committee Management:**

a: FC Charter: Mahoney reported that the final charter had been agreed and was awaiting Board approval.

b: Dundas reported that the list of FC tasks had been agreed with the Board and made the following assignments:

Recurring Tasks:

Quarterly:

1. Review of Actual to Budget Quarterly and Yearly Financial Performance: DFA
2. Reserve Fund Investments Review: Investments Working Group
3. Review Development Fund and Replacement Reserve Fund activity: DFA

Annually/Seasonally:

1. Review of year-end Balances//Activity: DFA
2. Review Annual Budget and participate in the process: All
3. Assist with Annual Report: DFA with all to review
4. Assist with Annual Audit: DFA; others as needed with FC review prior to Board approval
5. Review seasonal financial results for larger amenities: DFA
6. Review Financial Policy Resolutions:
 - a: Financial Planning, Budgeting and Reporting Policy: Resolution Review Subcommittee with Bonzon (lead), Eyton-Lloyd and Melia
 - b: Investment Policy: Investments Working Group with Mahoney (lead), Watson and Anderson
7. Fill any FC vacancies: Chair and Vice Chair.

Special Tasks:

1. Support DFA's efforts to improve the usefulness to the reader of financial reporting performance: Mahoney, Ravano and DFA.
2. Embed a member of the FC into the Downhill Ski Lodge Task Force: Mahoney
3. Assist management in the development of high-level valuation estimates of potential purchases of property: Miller.
4. Compile a comprehensive list of TDA buildings and develop longer-term funding alternatives for their eventual remodeling or replacement: Watson, Dundas, Mahoney and DFA.
5. Review the current Replacement Reserve list to identify any assets that may present material unplanned investment risks: Watson and Eyton-Lloyd
6. Other special tasks as requested by TDA Management or Board: To be determined on a case by case basis.

The discussion of HOA members with special experience to assist with any of the above tasks was deferred.

6. New Business:

a: GPC Liaison Report: Lindgren reported that the two primary areas of focus for the GPC are reviewing the capacity assumptions and implications of the Downhill Ski Lodge and refreshing the Association Master Plan.

The capacity assumption, e.g., 1,000 skiers, drives the footprint for all the areas within the lodge, e.g., food and beverage, rental, ticketing, etc. The consultant is working on this and will present recommendations shortly. Member outreach is on hold for now.

The refresh of the Association Master Plan will strive to be a top down document linking TDA's mission and vision to the prioritization of projects, rather than a bottoms up plan cataloguing projects.

b: 5501 Report: Salmon advised the FC that the most recent report would be posted to the Board website. Attendance at upcoming 5501 meetings are as follows:

April 28: Watson

May 26: Miller

June 23: Ravano

7. Recurring Tasks:

a: Annual Report Review: Salmon advised that the reports was behind schedule and that he expects to circulate a draft of the 2019 report in a couple of weeks for review. He requested comments and feedback on the 2018 report. Some feedback was given on the revision of the table showing the range of estimated useful lives.

b: Investments Working Group Report: Mahoney advised that the revised policy was agreed and that the expansion of the eligibility of corporate bonds to BBB+ had been removed from the policy reflecting the higher risks and uncertainties in the current economic environment. There was a discussion of whether A rated bonds that get downgraded to BBB+ should be sold automatically or whether there should be discretion given to hold the bond to maturity if the maturity was within the next 12 months. The general consensus was that some discretion with adequate approval requirements, such as DFA, Treasurer plus one other board member, made sense. Mahoney said he would revise the policy accordingly and present it to the next FC for approval.

8. Special Tasks:

a: Facility Replacement Reserve Fund: Dundas introduced the topic and Watson summarized the report as an initial exploration of the portfolio of buildings, the areas where the DVF policy may need to be revised, and some alternative ways of thinking about potential answers to how to reserve for replacements and the attendant costs to members. The group (Dundas, Watson, Mahoney and DFA) will continue to work through the issues. The general feedback was that early action will give TDA the most options.

b: Capital Projects Workshop: deferred.

c: Downhill Ski Lodge: Already covered in GPC Liaison Report

9. Next FC Meeting: May 14, 2020, probably via Zoom

10. Adjournment: Dundas called for a motion to adjourn; 1st Mahoney, 2nd Eyton-Lloyd; passed 7-0. The meeting was adjourned at 4:38 p.m.

Prepared and Submitted by Terry Watson, Recorder, Finance Committee