



FINANCE COMMITTEE MEETING DRAFT REPORT

December 10, 2020

Mezzanine Room | Northwoods Clubhouse

ATTENDANCE Via Zoom Video Conference Call

Members: Dundas, Ravano, Watson, Melia, Colbert, Eyton-Lloyd, Bonzon

Absent: None

Ex-officio Members: Mickaelian (GM), O'Neil (Comptroller)

Board Liaisons: Mahoney (Treasurer), Wu

GPC Liaison: Lindgren

FC Applicants: Vietor, Gauny, Rudolph, Niedringhaus

TDA Members: Connors

TDA Staff: Bennett

AGENDA ITEMS

1. **Call to Order / Call for Quorum:** Meeting called to order by Dundas, Chair, at 3:04 p.m. 6 Member quorum present (Bonzon joined a few minutes late)
2. **Approval of Agenda:** Motion to approve Agenda, Ravano 1st, Melia 2nd; passed 6-0.
3. **Approval of Committee Report, October 8, 2020:** Motion to approve Report, Ravano 1st, Colbert 2nd; passed 6-0.
4. **Member and Committee Member Comments:** Watson asked for an update on the status of membership appointments and the finalizing of 2021 tasks for the Committee. Mickaelian responded that he had requested the Board to defer appointments to the Finance and General Planning Committees until the strategic plan work had been completed, and anticipated that the appointments would be made by May at the latest. Similarly, the agreement on final 2021 committee tasks was on hold for the time being.
5. **Committee Management:**
 - a: **2021 Committee Management Calendar:** Dundas referred the Committee to the three year forward calendar of meetings he had circulated. The calendar will be posted on the Finance committee webpage.
 - b: **Finance Committee Members Replacement Update:** Covered in 4 above. Dundas welcomed Niedringhaus, who has also applied for membership of the Committee, to his first FC meeting. Mahoney expressed his appreciation to all the applicants for their inter-

est in TD and their willingness to get involved, and his hope that the Board would be able to move forward sooner than May with the membership appointments. He encouraged those members whose terms are expiring at the end of the year to remain in place until the strategic planning process is completed. Dundas reminded members that the Board would be holding a strategic planning work session tomorrow, December 11, and encouraged members to register for it.

c. **DFA Recruitment Update:** Mickaelian reported that two candidates have been scheduled for interviews next week from a much larger field of interested applicants and that he was hopeful that he would be able to fill the DFA position by year end.

6. **Committee Tasks:**

a. **November and YTD Forecast Update:**

O'Neil reported that the preliminary results for November show a loss before overhead of \$889k, which is \$128k ahead of the budgeted loss for the month. The same picture we have experienced in prior months continued with revenues below plan (mainly F&B and rec fees) and expenses also below budget (mainly payroll and administrative expenses). For the 11 months YTD, the loss before overhead is \$852k ahead of budget.

O'Neil said the latest estimate for the month of December is a loss before overhead of around \$600k given what we know about the lockdown and the weather. This would mean that we end the full year ~\$250k ahead of budget, which the Committee felt was an excellent result in the circumstances. O'Neil said he would propose carrying the \$250k surplus forward and adding it to TD's current contingency balance of \$2.25 million.

b. **Investment Working Group:**

Watson presented the revised Investment Policy and the draft Decision Paper which was drafted because the deadline for papers going to the TDA December Board meeting is tomorrow. He reminded members that the primary reason for the revisions to the policy is that, with ~\$30 million in reserve funds to invest once the annual assessments roll in, every basis point we can add to the yield on the portfolio provides an additional \$30k of revenue. Watson said that he hoped for outcome was for the Committee to approve the policy and decision paper so that they could be actioned by the Board. He asked Mickaelian and O'Neil, who had both reviewed the papers, if they had any remaining issues or whether they were in agreement with the proposal, which both of them confirmed.

Connors asked whether we would sell if a corporate bond were downgraded, and Watson reminded him that bonds could be downgraded by two ratings from our proposed minimum rating level and still remain investment grade, which is why the proposed policy also includes a consultation process to decide whether to sell a downgraded bond rather than a flat requirement to sell it immediately.

Rudolph asked whether there is an approved list of banks and S&Ls that we deal with. Watson said the revised policy calls for an annual review of the list of external providers of services by the Treasurer, which includes both banks/S&Ls and brokerage companies.

Connors asked whether the municipal bonds included both revenue backed bonds and general obligation bonds. Mahoney responded that both were permissible but that he was more inclined to revenue backed bonds given the impact of the corona virus on the financial condition of states and municipalities. Watson said that a review of municipal bonds was one of the next topics the Investment Working Group would address. With no further questions, Dundas called for a vote to approve forwarding the proposed policy and decision paper to the BOD for action, which was approved 7-0 including one edit to the policy suggested by Colbert.

c. Downhill Ski Lodge Update:

Colbert reported that at the last meeting of the Downhill Lodge Task Force the PROs Consultants reviewed the results of the various focus groups, which Colbert summarized as being positive for replacement of the ski lodge but that focus group attendees were concerned about needing to identify alternative uses for the building. The findings will be incorporated into the questions to be posed in the upcoming homeowner survey. Colbert also reported that TD had received 7 responses to the architectural RFQ. The next step in the process is to whittle the number down to 4 who will be the subject of deeper due diligence, from which two firms will be selected for the Board's consideration.

Mahoney asked Mickaelian to thank the Director of Capital Projects Mitchell for updating the capital projects website.

d. GPC Liaison Report:

Lindgren said that the most recent GPC meeting was focused on reviewing the draft strategic plan and the various capital projects. She reported that the committee received a trails and open space update and discussed preliminary thoughts for the opening of the new nature trail in June. The issue of whether e-bikes should be permitted to use the trails continues to be a recurring topic of conversation.

e. 5501 Committee Report:

Dundas reported that the 5501 Committee had not surfaced any issues of note.

The attendance for the upcoming meetings is as follows:

- (i) December 22: Members: Dundas, Watson, Ravano, Colbert; Applicants: Rudolph, Gauny
- (ii) January 26: Members: Melia, Eyton-Lloyd, Watson; Applicants: Rudolph, Gauny
- (iii) February 23: Members: Watson, Colbert; Applicants: Vietor, Niedringhaus

7. **Next Meeting:** The next Committee meeting is scheduled for January 14, 2021 via Zoom

8. Preliminary Agenda Topics for Next Meeting:

GPC Liaison Report
5501 Committee Report
DFA Recruitment Update
Investment Policy Update
Downhill Ski Lodge Update
December and 2020 YTD Financial Update

9. **Adjournment:** Dundas having lost connectivity to the meeting, Watson thanked the members, applicants and management for all their hard work and service during 2020 and called for a motion to adjourn; Ravano 1st, Eyton-Lloyd 2nd; passed 7-0. The meeting was adjourned at 4:30 pm.

Prepared and Submitted by Terry Watson, Vice Chair, Finance Committee