



## FINANCE COMMITTEE MEETING DRAFT REPORT

**June 17, 2021**

**Mezzanine Room | Northwoods Clubhouse**

### **ATTENDANCE Via Zoom Video Conference Call**

Members: Dundas, Ravano, Watson, Colbert, Niedringhaus, Rudolph, Vietor

Absent: None

Deputy Chair: Martyn-Jones (DFA)

Board Liaisons: Mahoney (Treasurer), Wu, Roth (Audit Only)

GPC Liaison: None

TDA Members: Levine, Gauny, Papanian, Kodres, Melia

TDA Staff: Mickaelian (GM), Bennett

### **AGENDA ITEMS**

1. **Call to Order / Call for Quorum:** Meeting called to order by Dundas, Chair, at 3:02 p.m. Quorum present.
2. **Approval of Agenda:** Motion to approve Agenda, Colbert 1st, Ravano 2nd; passed 7-0.
3. **Member and Committee Member Comments:** None
4. **Committee Management:**
  - a. Dundas welcomed the new members to the committee. He reiterated his thanks to those members who were stepping from the committee, namely Bonzon, Eyton-Lloyd and Melia, whose contributions to the Association have spanned many years. Dundas also thanked those homeowners who had expressed interest in the committee and had attended a number of meetings during the transition period, namely Yoo, Balan, Payne, Gauny, Cadei and Randall.
  - b. Dundas announced that the Giving Fund is looking for a new Treasurer and explained what the role entailed. He asked anyone who might be interested to contact Suzanne Sullivan who heads the Giving Fund.
  - c. Dundas said that we would try for a hybrid in person/zoom format for the committee's next meeting in July.
5. **Approval of Committee Report, May 20 2021:** Motion to approve Report, Rudolph 1st, Vietor 2nd; passed 7-0.

6. **Committee Tasks:**

- a. **Financial Update:** Martyn-Jones reported that the Net Operating Result for the first five months of 2021 was a loss of \$1.156 million which was \$1.141 million, or 50.3%, favorable to budget. He also reported that the Association had been successful in filling four open positions in June. The Net Operating Result for The Lodge is worse than budget due to the closures, but is improving. Golf got off to a strong start.

The committee members asked about the impact of inflation, but Mickaelian replied that supply shortages were more of a problem than inflation. Niedringhaus asked whether the deferral of some of the projects due to be completed in 2020 now pose supply chain or higher execution risks. Mickaelian responded that they were seeing more specific cost increases rather than general inflationary pressures. Watson asked about the F&B Cost of Goods Sold percentage, and how our numbers compare to the industry. Ravano said that in her valuation practice, the general model was to consider COGS, Expenses and Operating Profit as each representing 33% of revenues. Thus, our 35% COGS percentage is slightly higher than average. Colbert asked why the association is accruing only 40% of potential bonuses. Martyn-Jones explained that that had been the practice at TDA for a number of years. Mickaelian expressed his preliminary agreement with Colbert's observation that accruing the full 100% is a better practice and said that this was being discussed currently within the management team.

b. **Discussion - Cost of Services Study:** Mickaelian reminded the committee that the study was commissioned as a result of the Board including this in his objectives for 2021. He also said he would likely push the presentation of it out to the July board meeting, and then asked for comments on the study. Various members provided comments on the allocation methodology for expenses and on whether costs should be allocated to the trail system. Most members thought it was a useful tool to get a better understanding of the costs of the amenities. Several members cautioned management to consider carefully the timing and method of release of this data to the broader homeowner community since there is a danger that management will become sidetracked under the blizzard and variety of comments. The expected variety of comments and views also highlighted the need for a clear, fair and transparent policy which lays out the basis for how the Association prices the services.

c. **Discussion - 2021 Finance Committee Tasks:** Dundas referred the committee to the draft list of proposed 2021 tasks for the committee to handle and asked for comments. Out of the discussion which was focused on the Special Tasks, the recommendations were to drop the first task (support the DFA's efforts to improve TDA's financial reporting), although Mahoney expressed a wish for the committee to remain involved in providing feedback and guidance as needed; to drop the third task (the development of valuation estimates of potential property purchases) and instead to have the new Trails and Open Spaces Committee take the lead on this; to revise the fourth task (inventory and

funding alternatives for TDA's buildings) to focus the task on developing a policy and an approach to capital reserving for the replacement /renovation of the portfolio of buildings owned by TDA; and to revise the seventh task (advise the board on amenity pricing alternatives) to focus the task on developing an amenity pricing policy.

Dundas thanked the committee for the discussion and said he would revise the draft list and present it at the next TDA Board meeting.

d. **5501 Committee:** Dundas referred the committee to the report of the prior 5501 Committee meeting. The attendees for the upcoming meetings are as follows:

June 22, 2021: Watson, Ravano, Colbert, Vietor, Niedringhaus

July 20, 2021: Watson, Rudolph

August 24, 2021: Colbert, Niedringhaus

e. **GPC Liaison Update:** None, since no meeting took place. GPC and Staff continuing to update the charter and tasks moving forward and to incorporate aspects of the Association's Strategic Plan and Staff Work Plan.

f. **Downhill Ski Lodge Update:** Colbert reported that the board had approved moving ahead with the 30% plan, which is expected to take around 6 weeks to complete. He also referred the committee to the letters received from various members which are posted on the website.

7. **Next FC Meeting:** The next Committee meeting is scheduled for July 15, 2021 at 3:00-4:30pm, hopefully a hybrid of in-person and via Zoom.

9. **Preliminary Agenda Topics for Next Meeting:**

Financial Update

GPC Liaison Report

5501 Committee Report

Downhill Ski Lodge Update

2021 FC Tasks

10. **Adjournment:** With no further business to discuss, Dundas called for a motion to adjourn, Watson 1st, Niedringhaus 2nd, Approved 7-0, and Dundas adjourned the meeting at 4:39 p.m.

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