

FINANCE COMMITTEE MEETING MINUTES

August 20, 2019

Motion made and carried to approve the attached Agenda for the August 20, 2019 Finance Committee Meeting, which includes a list of participants.

Motion made and carried to approve the Minutes of the July 16, 2019 meeting.

Under old business General Manager Heather Malone reported that the Lake Forest Country Club has not yet given us the two items requested by our attorney at the last meeting. The Confidentiality Agreement which we would sign before we receive and review their Business Plan, and an updated list of benefits that Lake Forest was offering to CA members to induce us to approve their request regarding the lease.

Amanda Wells then presented and discussed the financial reports. The Income Statement through July 31, 2019 showed that Total Revenues exceeded the budget, and last year's results. However, Net Profit was less than budget and less than last year's results. The main reason for this is that salaries greatly exceeded the budget. Heather explained that this was partially because two months already had 3 pay periods instead of the usual 2. This should be corrected over time as layoffs begin soon in the Water Patrol and the seasonal maintenance operations. The Balance Sheet was then discussed. The dredging reserve is at \$1,900,000, with a further \$300,000 to be added next year. The last dredge cost about \$1,500,000. Heather reported that the Water Patrol continues to take depth soundings off Jefferson Point, and that the Board has engaged Pickett Ray and Silver to take additional soundings and compare them to their previous readings. This will help us determine how soon and to what extent a dredge is needed. Heather reported that liens would be filed soon on homes with unpaid annual fees. The accrued salaries line also includes accrued paid time off (vacation). Heather explained that the PTO policy put into place in 2016 allows accrual of unused vacation benefits but sets an upper limit on how many hours can be accrued based upon the employee's length of service. The Committee asked that the two components of this line item be broken out next time. There was no capital spending the last two months. The \$30,000 for asphalt paving will be spent soon. About \$145,000 remains unspent for the main marina seawall, pending some further clarification of proposals. The Cash Flow statement and the Income Statement for the Bar and Grill were discussed. Sales are up from last year at the Bar and Grill, but it continues to lose money. Heather explained that the lunch business is down and perhaps it should not be open every day for lunch in the summer. Management will continue to consider other tweaks to improve profit, such as limiting the menu options, or having set meals on certain nights.

The food and drink service at Windjammer is expected to open August 31, 2019. CA members will be asked to suggest a name for this amenity.

The Committee then continued discussion on the need to replace the 80 ton condenser for air conditioning in the clubhouse. The IFS bid was previously recommended by the Committee, provided that the E&F Committee confirmed that all the bids were for the same specs. Wayne Walkenhorst pointed out that Hoffman Brothers disclaimed responsibility for the existing condition of the evaporator coil and that they would be reusing the existing copper line set. Mid-State's bid also mentioned that the liquid line was smaller than the required size.

Motion was made and carried that the E&F Committee should decide whether we should continue to use the existing line set and evaporator coil, or get bids to replace them.

Replacing the condenser was not foreseen or included in the capital budget for this year, but about \$145,000 for the seawall remains unspent.

Motion was made and carried that this Committee recommends to the Board to proceed with the purchase of the condenser this year by using the unspent appropriation for the seawall, and then adding that amount to next year's capital budget for the seawall.

Motion made and carried to adjourn the meeting.