

FINANCE COMMITTEE MEETING MINUTES

September 17, 2019

Motion made and carried to approve the attached Agenda for the September 17, 2019 Finance Committee Meeting, which includes a list of participants.

Motion made and carried to approve the Minutes of the August 20, 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 July 16, 2019 meeting.

Amanda Wells then presented and discussed the August 31, 2019 financial reports. The Income Statement showed that Total Revenues exceeded the budget, and last year's results. Net Profit also exceeded the budget and last year's results. The new Bar and Grill at Windjammer (the "Dam Bar") had sales in excess of \$10,000 on its opening weekend. It is planned to be open on weekends through October, weather permitting. Heather explained that the salary line item on the income statement is still high but is trending lower as anticipated. Repairs and maintenance expenses are high because of air conditioning repairs over the summer, and high water caused much more debris removal than normal. Heather also noted that we will continue to take depth readings around Jefferson Point in order to determine the timing and the extent of the next dredge, which will be no sooner than Fall 2020. Heather plans to secure two or maybe three proposals for the dredging costs.

Amanda Wells next discussed the Balance Sheet and particularly amount of the dredging reserve, about \$1.8 million dollars. About \$129,000 has been paid in 2019 for silt removal, and the dredging reserve has been reduced by that amount. The Cash Flow Statement and the Capital Improvements Report were next presented. Regarding the bids for the new condenser, the suppliers have been asked their opinion on whether it would be best to also replace the evaporator coil. They did not include that in their bids because it would require the dismantling of an outside wall. The Income Statement for the Bar and Grill was then presented. Heather reminded the Committee that the expenses of Special Events are included in this report, but that the approximately \$41,000 in Special Events revenue is not. However even including this revenue still results in losses at the Bar and Grill. The staffing costs to open the Bar and Grill for lunch every day in the summer often exceed the business generated at lunchtime. Scaling back the lunch service next summer is under consideration in order to operate more cost effectively.

The Tennis Committee has asked that an escrow account be set up and regularly contributed to in order to fund future tennis resurfacing costs. The Committee thought that funding for the tennis amenity should be handled like all the other amenities by going through the yearly capital expenditure budgeting process. A motion was made and carried that this committee recommends to the Board against establishing such an escrow account. Heather explained that the courts have been resurfaced once and patchwork repairs were made this year, but there will come a time when a full resurfacing may be required at a cost of about \$25,000.

Motion made and carried to adjourn the meeting.