

POA Finance Committee Meeting Minutes October 17, 2016

Members:

Present:

Regis Falinski (Chair)
Jay Goldman
Chuck Palmer
Marshall Sheets
Jim Braley
Jim Yahres
Jeff Stanley

Others:

John Thompson, POA General Manager
Jayne Hagan, POA Director of Finance
Matt Lockwood, POA Financial Analyst
Tony Galioto, POA Board Committee Liaison
Phil Anderson, POA Board Member
Jim Farinholt, POA Board Member
Paula Harris, POA Board Candidate
Dudley DeVore, POA Board Candidate

Future Members:

Palmer Knight
Ralph Ripley

The October meeting of the Finance Committee was called to order at 9:00 am October 17, 2016, by Chairman Regis Falinski in the Conference Room at the POA Lodge.

A review of the September 19, 2016 regular meeting minutes noted no changes were necessary, and the minutes were approved.

Jayne Hagan reviewed the September financial results and her Summary of Operations is hereby included by reference.

Clubhouse revenues were below budget in September in Banquets, Member Events and Duffers. Jayne reported that Duffer sales to employees were slightly down from 2015, and, therefore, this did not account for the majority of the decline. It was suggested that the 18% service charge at Duffers likely contributed to lower revenues from property owners. Jayne also stated that budgeted Banquet revenues for 2017 of \$370,000 were based on sales volume in 2015.

Year-to-date property sales of 217 compare to 183 thru September 2015.

Marshall inquired about the \$55,400 asset disposal in September, and Jayne stated this was due to repaving three road sections which had not yet been fully depreciated, one being Wolfscratch Drive next to Lake Petit Dam.

Regis stated that the Clubhouse task force had made its recommendations regarding suggested changes, but there had not been sufficient time for POA management to review and incorporate any changes into the most recent version of the 2017 budget. Any changes will be reflected in the next budget revisions which will be made available prior to the Finance Committee/Board budget meeting on November 2.

Jayne reviewed a new employee turnover report which reflected all individual POA departments within Big Canoe. This was a standard report prepared from the current system, and it was noted that it does not distinguish between full-time and seasonal employees.

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The Broadband Internet engineering study has been completed on two (2) ten (10) mile sections of Big Canoe. A Request For Proposal (RFP) bid package was expected to be sent out this week to 6 companies for the purpose of obtaining a total cost estimate to install fiber optic cable throughout Big Canoe.

Preliminary bids for the new Fire Station are due to be received by October 26.

Jayne reviewed the Cash Flow forecast which was based on the most recent revision of the 2017 Operating Budget and 10-year Capital Budget. Regis noted that the beginning Net Income figures for 2018 and beyond included interest expense savings that had already been reflected in the 2017 net income budget. It was agreed to use the 2017 net income figure as a baseline for projecting future years as well as increasing depreciation expense by \$100,000 per year. Jay voiced his concern that cash flow from operations was not sufficiently covering depreciation, and that both amenity and assessment fees should be considered for adjustment as well as any non-essential capital budget items.

There was some discussion on when and how to increase the Capital Reserve Fund, and it was suggested that the Finance Committee consider making a recommendation to the Board.

There being no further business, the meeting was adjourned at 11:22 am.

Respectfully submitted,
Jeff Stanley