

MTC FINANCE COMMITTEE MINUTES

April 2nd 2018

Attendees : Stuart Keirle (Chair) , Terry Cush, Linda Gorton

Absent (with regrets) : Frank Battat , Ron Stolowitz.

MTC Management - Chris Horne – MTC MD, Herb Gottlieb – MTC Controller , John Honey (Treasurer O Board liaison to Finance Committee)

The meeting convened at 6.10 PM – and after subsequent discussion it was noted that a quorum did exist.

Chris and Herb presented management accounts for the club through February 2017.

Terry requested clarification on a number of issues from the detailed financials that he had requested.

Herb and Chris were able to provide clarification. In summary the committee was pleased to see that actual results through February were in toto close to revised budget numbers.

The Committee liked the cash flow statement report which now includes repayment figures for existing Bank of Marin debt – and indicates how the monthly depreciation expense (year to date \$ 16,600) is being reinvested into club assets – including the recent Strategic Plan (cost \$ 11,335)

Chris advised that March results will be favorably impacted by new member Initiation fees. Also, our cash balances at bank at the end of March will be over \$ 70,000 – up \$ 20,000 from the end of February.

John Honey gave the committee a repeat of the Board presentation regarding the Top Spin Café project. The presentation highlighted how the Club could or should have a breakeven performance by year end . The main factors that will achieve this goal are driven by a projected 50% increase in sales through greater membership use by increasing Café opening hours from 5 to 10 years per day. , and improved margins, through implementing “ standard’ food and beverage controls . The Board has approved unanimously this proposal, which includes the need to provide additional start up working capital, equipment and some minor physical modifications and renovations for a total expenditure of up to \$ 50,000 .

The Finance Committee has been instructed by the Board to apply the following approved resolution in determining how to implement

“financing from a commercial bank of between \$35,000 and \$50,000 at no more than 6% interest over five years and with the understanding that two pieces of equipment will be purchased immediately for a sum not to exceed \$7,000”

Chris advised of his discussion with Bank of Marin , who have issued a letter of intent to provide a \$ 35,0000 loan to MTC on a 5 year fully amortizing basis with a fixed interest rate of 6% pa.

A discussion followed on whether there was an actual need for external financing based on projected positive cash flow for the remainder of the year. Also Jackie suggested that rather than go outside , members could perhaps finance this required funding at a lower rate to the club. However it was understood that such an arrangement would need for legal documentation – and it was thought that this member funding option would be better suited to the major club redesign project – albeit at this stage timing and costs are not known.

As there was no prepayment penalty attached to the proposed Bank of Marin loan the committee would like to see what capability the club has` to repay any borrowing in less than 5 years- a 2 year target was suggested by Chris – but this would be subject to monthly cash flow review.

In conclusion the Finance Committee passed the following resolution.

“ The club will take on additional bank debt from Bank of Marin of up to \$ 50,000 on a 5 year fully amortizing note at a fixed interest rate of 6% pa . Negotiations for this facility will be handled by Chris as Club Manager and approved by John as Club Treasurer “

There being no further business the meeting concluded at 7.15 PM