

Finance committee meeting minutes September 25, 2018

The meeting was held at 6 Pm at MTC with Chris, John, Terry, Ron and Stuart in attendance. Chris and John made a power point presentation to explain the history and cause(s) of the Club's continued cash flow problems.

The conclusion of this presentation was that apart from the member assessment for the purchase of the plex courts there has been no offsetting source of funding for the continuing debt service (principal and interest) for the Bank of Marin loans of \$ 333,659 used for capital improvements and projects for the club.

As a result, loan repayment funds have had to be made from general operating cash.

Extraordinary cash out items and capital expenditures in 2018 have accentuated this cash flow problem. After lengthy discussion the FC Committee members made the following recommendations for Board consideration.

1) Cap membership at 335 - to enable the club to start a wait list for potential members.

This will provide us the opportunity to increase initiation and capital contribution fees for incoming new members. It is proposed that for new members the fees would be as follows Initiation - Single \$3,000 (currently \$2,050) Family \$ 4,000(currently \$2,800) Mandatory Capital Contribution - Single increase of \$2,000 Family increase of \$ 3,000

2) In order to address the immediate cash flow issues the committee also recommends a 13th month assessment (I.e. an additional one-month payment) for all members to be assessed in October with payment due in November. This will generate approx. \$ 66,000 of cash that will be used to support operational cash and begin to build our necessary cash reserves. The idea of a 13th money assessment should create a precedent for future years - and the Board would have the flexibility to implement this charge or ignore it, if cash flow and reserves are sufficient.

3) Management also had proposed that in order to cover the future debt service requirements for the Bank loans, the club should implement a \$21 per month increase in " active "membership to run from next month until the " sunset" of the current loan repayment schedule in 2023. This would equate to approx. \$ 1,250 per active member. The FC thought the additional monthly increase would work but were concerned that this method would only increase available cash by \$6,825 per month (all other things being equal) - and as such would not address the immediate cash flow issues- whereas the 13th month assessment would inject \$ 66,000 in one shot.

Finally, the FC urged management to continue to seek improvements in club operational efficiency to meet or surpass current budget.

The FC committee will meet again on October 23rd at 6 pm - at that meeting it is suggested that we look at an initial budget for 2019.

Respectfully submitted

Stuart

Ps - John/ Chris - could you forward a copy of your PowerPoint presentation to all FC members.

Pps - I will plan to be at Board on Thursday - hopefully by 6.30 PM - as I have a must attend event in city starting at 4.30 PM

