

**MINUTES OF MEETING OF THE MANAGEMENT COMMITTEE  
WAVERLEY BRIDGE CLUB INC.  
HELD AT THE CLUBROOMS, 21B ELECTRA AVE ASHWOOD**

**Tuesday August 9, 2011  
At 5.30 pm**

**PRESENT:** Peter Buchanan, Doug Lavers, Mary Elson, Rob Quirk, John Kent  
Denise Rozner,

**APOLOGIES:** Joan Quirk, Paula Schroor

**MINUTES OF THE PREVIOUS MEETING**

Minutes of the meetings held on July 12, 2011 were agreed by the Committee and signed by the President, Peter Buchanan.

Moved: Doug Lavers

Seconded: Joan Quirk

Accepted unanimously

**1. MATTERS ARISING FROM PREVIOUS MEETING**

- 1 An account has been opened with Bendigo Bank and \$1000 deposited. Doug and Mary have registered signatures with the bank and other committee members will do so shortly. Once a cheque book has arrived WBC will start banking regularly with Bendigo. It was decided to take up an Eftpos facility with Bendigo and cancel the arrangement with Westpac. It was decided not to change the post office box at Mount Waverley to be closer to Bendigo Bank because of the difficulty of changing the mailing address. Mary
- 2 Further information on the placement of the solar panels has not yet been received, and WBC has not yet signed off on the work done.
- 3 Work on the Honour boards is ongoing. Mary has had difficulty getting all the names needed to be included on the boards. Mary
- 4 Reporting an annual accounts held over to Treasurer's report
- 5 Reporting on Building Accumulation Fund held over to Treasurer's report.
- 6 Supply of bidding boxes in on-going.
- 7 Publicity for the meeting to be held on August 23 to discuss proposed changes to the Constitution has begun. Copies of the proposed changes and the Constitution have been placed on the website, and on the notice board in Room 2.
- 8 The Make A Wish Fundraiser was most successful, with over \$1700 being raised. Another event for next year will be discussed.
- 9 Collection of subscriptions is nearly completion. A first reminder has been sent out and another will be sent on August 19. It is expected that at least 10% of members will not re-subscribe. John asked if the Committee could be given information on membership figures as at June 30. Mary said that she would supply the information. Mary

10. The Friday night bridge special competition has not been going well, and it was decided to finish this from the end of August. Discussions will be held with Martin about the future of Friday night bridge, and other possibilities. John, Doug
11. John reported on current trends in session attendances and said that 2011 year was trending 3% up on 2010 for duplicate. He said that Supervised was down, and Mary explained that the very large Monday afternoon Supervised had been changed to a supervised and a duplicate, and that numbers for this overall session had actually risen. Discussions would be held about the future of underperforming sessions.
12. Information is available for members about the Electricity Purchasing Group and Mary will ask interested members to 'sign-up' shortly. There will be no obligation on any one's part. Mary

## 2. CORRESPONDENCE

### **Inwards:**

Martin Willcox resignation from Committee

### **Outwards:**

Elizabeth Stillwell regarding comments about proposed changes to Constitution.

## 3. MATTERS ARISING FROM CORRESPONDENCE

Elizabeth Stillwell will be invited to attend the coming meeting.

## 4. REPORTS

Attendance July 2011

Accounts July 2011

### **Treasurers Report August 2011**

#### **Accounts**

As of 5<sup>th</sup> August we have about \$27,000 in our combined Westpac and ING accounts. This is after paying just over \$9,000 for Directors' services very recently.

A final version of the 2010/2011 accounts is attached. We made a loss of \$6000 compared to a profit of \$26,000 for the previous year. This is in line with my expectation in July. The Auditor has signed off these accounts.

If everyone is satisfied with these figures, and there are no more questions, **I would like the Committee to formally resolve to accept the 2010/2011 report and accounts.**

John Kent is working to further refine our forecast spreadsheet, and

has provided some interesting analysis of trends in our various sessions. I consider that we will need at least three months accounting figures under our belt before a reasonable expected profit figure for the full year 2011/2012 can be made.

While the July figures are available, I do not believe that they are particularly meaningful at present as several significant reversals need to be made. For example, just under \$19,000 of prepaid sales shown as a liability in the 30 June accounts [they refer to 2011/2012] will be relocated to current year sales.

### **Solar panels**

We are still awaiting installation of the two-way meter box. There is an interesting discussion going on between Rezeko, the Council, and the electrical inspectors about exactly where this meter can be installed. We have not been a party to this discussion. It is important that the meter be installed where it can be reasonably easily accessed, but also remained secure.

We were requested by Rezeko to sign off on certain certifications, which we respectfully declined. Part of the certification asked us to agree that the installation was working properly, and we had received training manuals and training. After a conversation, Rezeko accepted the position and we await further developments.

I have also requested them to provide some documentation on why the 17° angle of the panels was selected. At the date of writing, this has not been received.

### **Building Accumulation Fund**

The first meeting of the Building Accumulation Fund Investment Committee has been held. The Minutes of the meeting [draft only] and the associated Investment Policy which has been agreed are shown as an Appendix.

If the Committee agrees, and there are no further questions, **I would like the Committee to formally resolve to set up the Investment Committee and approve the Investment Policy document.**

While the investment policy guidelines state that a minimum liquidity for the Club of \$60,000 should be established before monies are transferred, I believe that it is sufficiently important to establish the procedure and "get the show on the road" that we should make an initial investment of \$5000 as soon as this would leave a minimum of \$30,000 in the Club's combined accounts. **If the Committee agrees, I will need a formal resolution to this effect.**

While the initial feeling at the meeting was to use an Internet broker, on further reflection I would like to use Patersons Securities as the nominated broker, and open an account in the name of the Club with

that broker. They are slightly more expensive than an Internet broker, but as the fund size grows they will provide much better control services and possibly investment options. If the Committee agrees, **I will need a formal resolution to this effect.**

The current view of the Investment Committee, was that initially we should use Australian Foundation Investment Company [AFI] as the collective investment vehicle. This has a long investment history and is large. I can provide details to any Committee member if they so wish. When the fund achieves a reasonable size, other investment policies could be considered.

Doug Lavers, Treasurer

## **APPENDIX**

### **WBC INVESTMENT COMMITTEE.**

MINUTES OF MEETING OF COMMITTEE HELD ON  
WEDNESDAY, 26 JULY 2011 AT 1 HOWELL DRIVE, MT  
WAVERLEY

COMMENCING AT 5 P.M.

**PRESENT :**            John Kent            Michael Petrie  
                             Doug Lavers

**APOLOGY:**

**MINUTES OF PREVIOUS  
MEETING:**

This was the inaugural meeting..

**BUSINESS ARISING  
THEREFROM:**

NA

**GENERAL BUSINESS:**

1. Building Accumulation Fund Guiding Principles  
The following text is an amended version of the original comments in the first paper about the concept of the Building Accumulation Fund [BAF].
  - a) Clearly, the interests of existing members should be protected in the sense that desirable expenditure, including unbudgeted extraordinary expenditure, should be given priority over long-term accumulation objectives.
  - b) Waverley Bridge Club [WBC] should aim at an operating surplus after depreciation of 10 to 20% of turnover.
  - c) Available liquid funds should be at least \$60,000, adjusted for inflation from time to time.
  - d) Free cashflow over and above the above

requirements should be invested in the BAF.

- e) As the fund is very long-term, the investments should be primarily equities and property. Collective investment vehicles should be used as the investment medium. The Club should be prepared to accept the substantial investment volatility that such a policy would incur.

2. Building Accumulation Fund Investment Policy

There was a long discussion on the text of this document [See Appendix].

An amended version is attached [strikeouts and italics for changes].

It was also agreed the non-members of WBC should not be included in the Investment Committee as this would create regulatory problems.

WBC should provide monies quarterly subject to minimum liquidity conditions for WBC. DL is checking the details of our Business Interruption Insurance. The Investment Committee will report at least quarterly to the WBC Committee.

3. Actual Investment Process

DL took the view that it would be desirable to start reinvesting relatively soon, even on a very small size, in order to get the concept of the BAF operating. An initial investment of \$5000 was discussed.

On-line broking will be investigated. An acceptable suggestion was that AFIC should be used initially until a sufficient quantum of investment had been built up to make other policies worthwhile. Details of AFIC will be provided. Also, it will be confirmed that WBC can use franking credits.

NEXT MEETING:

TBA

CLOSURE: There being no further general business, the meeting was closed at 6-30 p.m.

Signed as a true and correct record.

.....  
Chair.

.....  
Date.

## **APPENDIX 2**

### **WBC Building Accumulation Fund Investment Policy**

#### **1. PURPOSE AND OPERATING ENVIRONMENT**

##### **1.1 Purpose**

This Investment Policy Statement documents the key beliefs, processes and disciplines according to which the Fund's investments are managed. It acts as a link between the members, the WBCC [The Waverley Bridge Club Management Committee] and the IC [Investment Committee] to ensure clarity in the management of the investments of Waverley Bridge Club [the Club] .

This document should be reviewed regularly to ensure that it remains relevant to contemporary needs and that any response to changing environments is disciplined and effective.

##### **1.2 Governing legislation and requirements**

The Fund [Building Accumulation Fund] must be operated in accordance with the WBC Rules of Incorporation [as amended from time to time].

##### **1.3 Fund Design**

The Fund is an accumulation fund. The Club and the WBCC accept the investment risk associated with volatile investments in view of their long term nature.

#### **2. Investment Beliefs as a basis for Decision Making**

##### **2.1 Introduction**

The IC have established a set of fundamental investment beliefs and Guiding principles to provide a consistent basis for investment decision making across all of the Fund's investments.

These beliefs and their application are set out in three sub-sections:

Section 2.2 documents the IC's broad investment beliefs, which primarily relate to the way in which investment markets operate and prices are set.

Section 2.3 describes how these investment beliefs can be used to guide investment decision making by establishing a set of principles upon which the Fund's decisions are based.

Section 2.4 documents the application or consequences of the Fund's investment beliefs and guiding principles to the Fund's investment decision making.

## **2.2 Fundamental value depends on cashflows**

Diversification reduces risk

Risk and return are related

Markets are not perfect

Return requires risk but risk does not guarantee return

## **2.3 Guiding Principles**

2.3.1 Diversification is the key to managing risk which leads to our belief that we should use collective investment vehicles

2.3.2 At the overall portfolio level, risk is a-failure to meet objectives

2.3.3 The volatility of returns over short term periods is an incomplete measure of risk as over the longer term volatility of returns is statistically averaged

2.3.4 The extent of leverage within an investment should be considered

2.3.7 The IC believe that active management can add value

## **2.4 Fundamental Beliefs and Guiding Principles**

### **2.4.1 Asset Allocation**

The WBC will use the following strategies:

Investment in collective investment vehicles which invest in shares and/or property, together with a cash/fixed interest component if some liquidity is required. The latter will be particularly true in the early years of the fund as there will always remain a possibility that the Club itself will require some liquidity.

### **2.4.2 Taxation**

The Fund is part of a not for profit [tax exempt] organisation

### **2.4.3 Review of beliefs, principles and applications**

The beliefs, principles and applications in this section are expected to evolve over time and will be revised and updated as appropriate.

## **3 Investment Committee – Role, Guidelines and Delegations**

### **3.1 Objectives**

*The objective of the IC is to act as a delegate of and an advisory body to, the WBCC in relation to:*

a) the ongoing monitoring of the Fund's Investments and Investment Performance to assist the WBCC in ensuring that;

- (i) appropriate investment strategies are in place for managing the Fund's assets, reserves and use of derivatives;
  - (ii) investments are made and dealt with in an authorised manner;
  - (iii) investment managers, investment advisers and custodians are properly appointed and monitored;
  - (iv) investment are made on an arm's length basis;
  - (v) no lending or giving of financial assistance occurs except in the normal course of the external management of the Fund's fixed interest and cash investments
  - (vi) borrowing or the acquisition of assets from members or related parties only occurs where a prescribed exception exists; and
- b) investment returns are properly determined bearing in mind the Fund's compliance with the WBC Rules of Incorporation, relevant law and general law regarding investment matters ;
- c) the Fund's compliance with its internal Investment Policies, and associated Investment Procedures, Strategies, Plans and Statements.

### **3.2 Powers delegated to the Investment Committee**

The WBCC agrees to delegate the following specific powers to IC:

- a) to direct the cash flow of the Fund in accordance with the Approved Asset Allocation of the Fund
- b) to allocate and reallocate moneys between existing Investment Managers in any one asset class
- c) to vary the for the asset allocation BAF within the ranges set by the IC
- d) to appoint and terminate the appointment of any investment managers in accordance with the strategic asset allocation of the Fund.

Decisions made by the IC will be regularly reported to and reviewed by the WBCC at least quarterly.

### **3.3 Investment Committee**

#### **3.3.1 Composition of the Investment Committee:**

The IC membership shall consist of: The Treasurer and at least two financial members of WBC appointed by the WBCC for one year within two months following the WBC AGM, and who can be re-appointed.

The President and Vice-President of WBC are ex-officio members of the IC.

#### **3.3.2** The IC may, unless the WBCC directs otherwise, co-opt as a member of the IC for any specific purpose any person or persons, who may or may not be a WBCC member provided

that person is a financial member of WBC.

3.3.3 The WBCC will review the IC annually within two months of the WBC Annual General Meeting.

3.3.4 The WBCC can replace any member of the IC at any time.

### **3.4 Investment Objectives**

The target return over the long term is CPI plus 3% measured over rolling 5 year periods. The probability of a negative return in any one year could be one in four.

### **3.5 Liquidity, Manager Diversification, the Use of Derivatives and Other Matters**

Derivatives should not be utilised. Reasonable diversification should be an objective, bearing in mind that collective investments tend to be diversified within their investment class[es].

### **3.6 Investment Performance Monitoring**

The principal goals of performance monitoring are to:

- assess the extent to which investment objectives are being achieved;
- compare the performance of the Fund's appointed managers against the performance of market indices;

Returns achieved by the appointed managers will be assessed by IC in relation to their stated objectives and the objectives of the Fund.

Manager performance will be monitored regularly with a view to an evaluation of rolling three and five year results. If a manager fails to meet the objectives set, its role will be reviewed by the IC.

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Doug reported that the Auditor had signed off on the 2010 – 2011 Financial statements.

A resolution was passed to approve the completed annual accounts for the year 2010 – 2011

Proposed: Doug Lavers  
Seconded: Denise Rozer  
Accepted unanimously.

A discussion about the proposed Building Accumulation fund followed.

A resolution was passed that an Investment Committee be set up and the Investment Policy document be approved.

Proposed: Doug Lavers  
Seconded: Denise Rozner  
Accepted unanimously.

A resolution was passed that \$5000 should be invested in the Fund.  
Proposed: Doug Lavers  
Seconded: Peter Buchanan  
Accepted unanimously

A resolution was passed that Patersons Securities be approached to act as brokers for the Fund and the following Committee members are authorised to operate the account: Doug Lavers, John Kent, Peter Buchanan, Robert Quirk.

Proposed: Doug Lavers  
Seconded: Peter Buchanan  
Accepted unanimously.

## MANAGER'S REPORT AUGUST 2011

Subscription collection is nearing completion, first reminder letters were sent out on August 4<sup>th</sup>. Second reminders will be sent on August 19 with a two week period before members are made non-financial. There has been a good return, so far, after reminders were sent out, with 39 received. Three members have told us that they will not be resubscribing.

The Bendigo Bank account has been opened and \$1000 deposited. I enquired whether we could have a Debit card attached to the account, but bank staff told me that I would have to open a separate account. I don't want to have to run two accounts so will continue to use my own cards for card transactions.

Beginner's lessons have finished. Nine or ten students have joined the club so far and I hope others will choose to do so. I shall begin promoting the October lesson course before the end of August.

I have given Diana Jacobs several training sessions with Quickbooks and will continue with this over the next month or so.

I am attempting to get names together for the honour boards and have the majority. There is a problem with the winners of last year's John Witt Pairs, which are not on Bridge Unlimited. I shall have to get this information before I speak to the lettering firm.

## 5. NEW MEMBERSHIP APPLICATIONS

Applications were received from:

Di Brocklesby, Garry Manning, Graham Browning, Dorothy Barnes, Esther Goldschlager, Les Goldschlager, Kate MacDougall, Jenny Lawrence, Delma Casabene, Barbara Benson, Margaret Hosking, Ron Page, Marion Page, Penny

Cearns, Tim Lane, Maree Tehan, David Stanley, Margaret Stanley, Diane Karapetric, Jennifer McFarland, martin Simons and Lyn Innes-Iron

All applications were approved.

**6. GENERAL**

1. Doug reported that loss of income insurance is held with no waiting period.
  
2. Mary left the meeting while the Committee discussed renewing her contract with a salary increase, It was agreed to increase her annual salary by 4.5%.  
Mary rejoined the meeting while the Committee discussed an increase for Laura Ginnan. It was agreed to increase her hourly salary from \$20 to \$21.
  
3. The Committee approved the proposed questionnaire to be sent to non-resubscribing members.

The meeting ended at 7.00

The next meeting will be held on Tuesday September 13 at 5.30 pm