

**MINUTES OF MEETING OF THE MANAGEMENT COMMITTEE
WAVERLEY BRIDGE CLUB INC. HELD AT THE CLUB ROOMS
21A ELECTRA AVE, ASHWOOD ON**

Tuesday April 21, 2009 at 6.00 p.m.

PRESENT: Iris Carling, Doug Lavers, Mary Elson, Nick Beaumont, Diana Jacobs,
Martin Willcox

APOLOGIES: Peter Buchanan, Joan Quirk, Trish Kersey, Sue Battley

MINUTES OF THE PREVIOUS MEETING

Minutes of the meetings held on March 24, 2009 were agreed by the Committee and signed by the President

1. MATTERS ARISING FROM PREVIOUS MEETING

- 1.1 A letter was sent to Colin McMullen advising him that no new information had been presented by him that changed the opinion of the Committee that he should be expelled from membership. Mr McMullen then sent an email requesting various information from the Club. The Club's solicitor sent a letter to Mr McMullen informing him that Minutes of Committee meetings would be available on the web site after confirmation. The Committee considers that the matter is now closed.
- 1.2 The bar-coded system for vouchers is now in use. When Mary is fully familiar with it, Doug, Trish and Brian Lydon (the auditor) will be given all information on its use. Mary said that at the moment, if a sheet goes missing, numbers will need to be marked off the spreadsheet manually. Mary will speak to George about this and getting more statistical information from the system, and mentioned that the reader at times was slow to work. Iris said that improving the audit of sheets sold would be desirable. Mary, Trish, Doug, George Skarbek, Brian Lydon
- 1.3 Doug said that the new safe should be delivered shortly. It was decided that some directors would have the combination, which could be changed regularly. Doug
- 1.4 Mary said that there were one or two small problems after leaving Jamboree Lane. A new clock has been given to the Club, and there seems to be a problem with the ownership of an urn. Mary is quite certain that one of the WBC urns was taken to the scout hall. Mary said that she wanted to thank all members for their enormous support during the unwanted move. Martin said that player numbers had held up amazingly well.
- 1.5 19 copies of the Entertainment Book have been sold, and there are orders in for more. A new supply will be delivered to the club on Friday morning.
- 1.6 Now that we are back at Ashwood Hall, Mary has completed preparation of the application for a Limited Renewable liquor licence and will post it on April 22. This is a licence for sale of liquor, not for BYO. The cost is \$58.50 per annum. An A3 sized poster will be placed near the front door of the building when the application is sent. Mary

2. CORRESPONDENCE

Inwards: Colin McMullen regarding further information
ABF open letter to Victorian clubs regarding administration of bridge in Victoria

Outwards: Colin McMullen regarding cancellation of membership
Colin McMullen from Dale Battley, Solicitor, regarding request for information
Eilis Magner, cc to Jane Rasmussen (ABF) regarding correspondence from Colin McMullen
Jenny Codognotto regarding incident on November 28, 2008
Penelope Blakey regarding incident on November 28, 2008
55 letter to members, Interest payments on Debentures
6 letters welcoming new members
Miles Davine from Iris Carling regarding lighting and signage on Electra Ave corner

3. MATTERS ARISING FROM CORRESPONDENCE

Colin McMullen dealt with above.
Discussion of the ABF open letter held over to the next meeting

4. REPORTS

Attendance March 2009
Accounts March 2009
Long term investment strategy

Treasurers Report, April 2009

The Secretary will have circulated the profit and loss figures for January through March and also the year to date.

The current year-to-date profit to end March is approximately \$29,000 compared with \$55,000 last year.

Principal items of difference for the quarter would include:

Interest on debentures	\$2672
Congress net income	\$1567
Increase in directors fees	\$8742
Master points/capitation	\$1566
Increase in total wages	<u>\$5443</u>
NET	\$19,990

While they are some timing differences in the above figures, the numbers themselves substantially account for the difference in net income for the quarter to end March 2009 from the comparable period last year. About \$8,000 in Directors fees was paid in April last year, as against the March figure shown above.

Reduction in rent approximately offsets the loss of the ING income.

Identifying the impact of the move to Jamboree Lane is more difficult. Our table fee income for the quarter was little changed from last year. Our members were amazingly supportive. The main identifiable difference is the increase in Directors costs associated with the move, [about \$1300], various miscellaneous expenses, and an amount, difficult to quantify, for loss of patronage. I would recommend to the Committee that we draft a further letter to Council enclosing the quarterly accounts and asking for a grant of \$2000 to cover the additional costs etc

I have included a draft position paper with this report for the Committee's consideration. There is no urgency over this, but I believe that we should at least consider the assumptions in the paper and possibly sound out how the membership feels about the proposals.

Doug Lavers

1. PREAMBLE

With the Club moving into new premises early in 2010, we will shortly be enjoying the benefit of much cheaper, essentially fixed price accommodation, and the resulting cash flow is likely to be considerable. The latter will consist of operating profit on turnover, depreciation cash flow from the investment in the building, and investment returns.

While repaying the outstanding debentures and loans is clearly the priority, this is likely to be achieved sooner than the debenture documents indicated.

This paper aims to project the club's financial position, and outline some long-term policies on investment and turnover for the Committee's consideration.

2. ASSUMPTIONS

The operating assumptions for this paper are shown below. These are debatable, and if changed will have a substantial impact on the outcome.

- a) In principle the Club should aim for a long-term existence rather than providing immediate benefit to members, for example in terms of lower fees.
- b) The Club will occupy the existing premises for up to 35 years. At the end of the period, new premises will either have to be purchased or a further deal negotiated with Council.
- c) At the end of the period, a substantial fund will need to have been accumulated to facilitate b)
- d) A "low fees" policy [i.e. if assumption a) is not followed] is likely to have a serious effect on bridge clubs in the surrounding areas: a further assumption is that the Committee would wish to continue to see a number of alternative and thriving bridge clubs.
- e) Initially, the cash flow of the Club will be primarily utilised in repaying the Debentures and loans.

3. PROPOSAL

It would be very easy for a simple operating model to be followed whereby the returns from the Club and the investment returns are simply combined in the annual accounting figures. Essentially, this is the model that has been followed. In most Treasurers reports over the past few years, a very careful distinction has been made between the profits arising from the club's activities, and investment returns.

It is proposed that a more formalised division be made between these types of return. Essentially a long-term investment fund ["Building Accumulation Fund"] should be established, and its direct operating surplus or deficit separated notionally from the direct operating accounts of the Club. For tax and reporting reasons, a combined set of accounts will always have to be available.

Clearly, in case of dire need any future Committee would be able to draw on the BAF, but the principle should be recognised that its objective is aimed at long-term investment.

In setting up such a fund, it is suggested that a few generalised principles would need to be established:

- a) Clearly, the interests of existing members should be protected in the sense that desirable expenditure should be given priority over long-term accumulation objectives.
- b) The Club should aim at an operating surplus after depreciation of 10 to 20% of turnover.
- c) Available liquid funds should be kept between \$30,000 and \$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 investment should be primarily equities and property. Wholesale unit trusts should be used as the investment medium. The Club should be prepared to accept the substantial investment volatility that such a policy would incur.

4. MODELLING

A simple financial model has been constructed to provide very indicative guidance as to how such a fund might grow. It must be appreciated that the end result is critically dependent on a number of variables, changes in any one of which could substantially change the outcome.

In particular, it should be pointed out that an arbitrary limit of 1000 has been placed on the membership numbers, and a running surplus of 10% of turnover has been assumed. The figures are all in today's dollars.

It will be seen that for the zero real return outcome, the value of the fund in 2045 would be approximately \$1.9 million, and for the 3% real return outcome value of the fund in 2045 would be approximately \$3.2 million.

5. CONCLUSION

This paper is still very much in the concept stage. In my view it demonstrates that the project could achieve the end objective of maintaining the Club indefinitely. However, it makes a number of assumptions which may not reflect the views of the Committee or the Club membership.

Comment and criticism would be welcomed, with a view to possibly putting a more considered paper to the Committee at a later stage.

Doug Lavers
Treasurer

	B	C	D	E	F	G	H	I	J	K	L	M	N
29	APPENDIX 1			LONG TERM BUILDING FUND PROJECTION						HIGH RETURN PROJECTION			
30													
31	Real Rate of Return Invmts %			3	Starting cash balance \$			50000			Return on Turnover %		
32	Assumed growth membership%			5	Annual Turnover \$			250,000 Start Membership			700	Max membership	1000
33	All cash nos in today's money												
34				2012	2013	2014	2015	2016	2017	2018	2019	2020	2045
35													
36	Annual membership			700	735	772	810	851	893	938	985	1,000	1,000
37	Annual Turnover \$			260,000	273,000	286,650	300,983	316,032	331,833	348,425	365,846	371,429	371,429
38													
39	Depreciation cashflow building \$			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
40	Operating Surplus \$			26,000	27,300	28,665	30,098	31,603	33,183	34,842	36,585	37,143	37,143
41													
42	Cash Balance Accumulation \$			96,000	97,300	98,665	100,098	101,603	103,183	104,842	106,585	107,143	107,143
43	End Yr Tfr to Accum Fund \$			46,000	47,300	48,665	50,098	51,603	53,183	54,842	56,585	57,143	57,143
44													
45													
46	Return on Accum Fd investments \$			1,380	2,840	4,386	6,020	7,749	9,577	11,509	13,552	15,673	95,317
47													
48	Total Accumulation Fund \$			46,000	94,680	146,185	200,669	258,292	319,225	383,644	451,738	522,433	3,177,245
49													
50				LONG TERM BUILDING FUND PROJECTION						LOW RETURN PROJECTION			
51													
52	Real Rate of Return Invmts %			0	Starting cash balance \$			50000			Return on Turnover %		
53	Assumed growth membership%			5	Annual Turnover \$			250,000 Start Membership			700	Max membership	1000
54	All cash nos in today's money												
55				2012	2013	2014	2015	2016	2017	2018	2019	2020	2045
56													
57	Annual membership			700	735	772	810	851	893	938	985	1,000	1,000
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59													
60	Depreciation cashflow building \$			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
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62													
63	Cash Balance Accumulation \$			96,000	97,300	98,665	100,098	101,603	103,183	104,842	106,585	107,143	107,143
64	End Yr Tfr to Accum Fund \$			46,000	47,300	48,665	50,098	51,603	53,183	54,842	56,585	57,143	57,143
65													
66													
67	Return on Accum Fd investments \$			0	0	0	0	0	0	0	0	0	0
68													
69	Total Accumulation Fund \$			46,000	93,300	141,965	192,063	243,666	296,850	351,692	408,277	465,420	1,893,991

This is a draft document only. We would appreciate comments from interested members.

Doug Lavers

MANAGER'S REPORT APRIL 2009

Interest payments for Debenture holders were posted on April 1st.

We are very glad to be back at Ashwood Hall and though there were problems with the truck hired to transport us from Jamboree Lane on Saturday April 4th, and it did not arrive until after 11 a.m., our volunteer help made sure that we were set up for a session on Saturday afternoon, transporting tables, chairs and boxes of equipment in cars and on trailers. My thanks to all the helpers. I am still dealing with some of the mess created by the return, but hope to have everything in order shortly.

I have had training with George Skarbek in use of the bar-coded voucher system. Use of the system has begun and I am having no problems so far. Once I am totally familiar with it I shall show Doug and Trish how to use it. The old vouchers can continue to be presented until the end of May, when un-used vouchers can be exchanged for the bar-coded variety. I spoke to Peter about generating the sheets used to record sales on Excel, to simplify that part of the process, and he has sent me a file which I shall use. This means that the amount of labour expended on the voucher system has been reduced to a small fraction. The new system will not show how many vouchers remain unreturned over a period of time, but I believe that the last 18 months shows that only approximately 5% are not returned. Sheets which go missing will need to be marked off manually to prevent use. I shall have to speak to George about this.

I am doing some follow-up phone calls of students from the recent beginner's course.

The information for an article on WBC for the VBA Newsletter has been completed and sent off – somewhat later than at first anticipated. Bill Jacobs has been in touch with me to say that he plans to run the article closer to when we are moving into the new premises – probably because while I delayed sending the information quite a few other clubs got in in front of me.

I have completed the Liquor Licence application and will be posting it immediately.

Mary Elson

5. NEW MEMBERSHIP APPLICATIONS

Membership applications have been received and approved for :
Patricia Donges and Sally Marshall

6. GENERAL

1. The F.F. & E sub-committee is working on selection of furnishings and samples of tables and chairs will be brought in to show the Committee.
Discussion is being held about the purchase of a dishwasher.
Meetings are being held at Ray Anderson's house on April 22 to receive quotes for cabling. Martin said the requirement was RJ45 cabling through a hub, with 6 points in the Computer Room branching to all other areas.
Though wireless will be used in future, it is most desirable to have a backup.
The frame of the building is being prepared off-site and will be erected shortly.
2. Discussion was held on the two graded events held earlier this year. Attendance was not good and with only two grades there was not a good opportunity for average players to do well. Next year's graded events will be better promoted and it is hoped that with the larger venue it will be easier to cater for 3 grades.
3. Mary said that she may need assistance with the Supervised session on Monday afternoons because it may become large and difficult to

assist very new players. It was decided to ask Trish Kersey to assist when necessary and a payment of \$50 would be made per session.

- 4 Martin said that members need to be barred from entering the office. Masters of hand records are going missing and are being taken by members.
- 5 Nick will report on the Croft teams next month. Martin suggested that he should run the Croft Teams and Ian Mansell should do the Simultaneous Pairs. Nick
- 6 It was decided to look into Officers and Directors Insurance coverage. Doug will speak to the broker about it. A motion was proposed that the Committee approve a decision to acquire Officers and Directors Insurance. Proposed: Diana Jacobs. Seconded: Doug Lavers. Passed unanimously. Doug

The meeting closed at 7.05 p.m.

The next meeting will be on Tuesday May 19 at 6.00 p.m.