

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

Tuesday June 15th, 2010 at 5.45 pm

PRESENT: Peter Buchanan, Doug Lavers, Mary Elson, Paula Schroor, Martin Willcox, Joan Quirk, Denise Rozner

APOLOGIES: Sue Battley

MINUTES OF THE PREVIOUS MEETING

Signing of the Minutes of the meeting held on May 11th, 2010 was deferred.

1. MATTERS ARISING FROM PREVIOUS MEETING

1.
 - Discussion about the Manager's contract was concluded and it was agreed to offer Mary a 12 month contract subject to legal opinion that all aspects of the contract are legal. Peter to check. Ads will be placed for an administrative assistant. Peter
 - Cleaners have been contracted and WBC rooms are being cleaned 4 nights a week. So far there have been no problems. It is likely that periodic extra cleaning will be asked for – skirtings, windows etc.
 - Checking into possible floor coverings for Calisthenics rooms is ongoing. Mary
 - The Liquor Licence has arrived. (Later Mary said that she would check into the granting of hours 1.00 pm till 10.30 pm when she had requested 12.00 pm till 11.00 pm) Mary
 - Youth Bridge is operating out of WBC. They have requested a night to run a Trivia Night as a fundraiser. Mary will be doing various promotions – a display on the notice board in the foyer, speaking to the local press etc. Mary
 - Work on selection of bidding boxes is ongoing. Martin
 - Arranging of agreement with Hera Greek Ladies Club is being managed by Bob Rowett (Ceres). Mary said that it would be necessary to occasionally run their weekly meeting out of Bridge Room 2, and possibly on occasion, WBC would be unable to do this.
 - Planning for mid-winter celebration is progressing. Lunch will be provided by members with some commercially prepared items. Doug said that it would be essential to have someone tending bar. A suitable volunteer would be sought. There are close to 80 entries so far and hopefully this will increase.
 - Dealing machine has been purchased.
 - It was agreed to post a sheet where members can express their thoughts about the proposed Building Accumulation Fund. Doug

2. CORRESPONDENCE

Inwards: Lyndall Shaw regarding scoring method for final of Presidents Pairs
Bharati Chakravorty regarding theft from cars and asking for cameras in the car park
Shirley Baker regarding special recognition for Ray Anderson
Geoff Chettle, Chair, Interim Committee, regarding interim region structure for new body for Victorian Bridge
Law Institute, contact details of local law firms
Melbourne Contract Bridge Club regarding bulk purchase of Teams scoring sheets.
City of Monash – development of active reserves strategy Stage 2 – notice of survey.

Outwards: Waverley Arts Society regarding hanging art works for sale
5 letters welcoming new members
Neville Houghton regarding comments on proposed Building Accumulation Fund.
Ray Anderson on query about room hire and comments on proposed B.A.F.
Bharati Chakaravorty regarding theft from cars
Paula Schroor regarding employment conditions
16 letters to affiliated clubs regarding WBC Heat of GNRP
4 letters to local press and radio promoting beginners letters

3. MATTERS ARISING FROM CORRESPONDENCE

- Mary will reply to Lyndall Shaw's letter.
- A reply was sent to Bharati Chakravorty, saying it was most unlikely that Council would agree to cameras in the car park.
- A letter will be sent to Shirley Baker regarding Ray Anderson.
- Copies of the Interim Committee's proposed regional split up were given to committee members.
- WBC teams score sheets are adequate for our use.
- Mary will reply to the Council survey when it is received.

4. REPORTS

Attendance May 2010

Accounts May 2010

Treasurers Report June 2010

“As we move towards the end of a tumultuous year for the Club, your Treasurer is gloomily contemplating what to report on the year's results to the Members. There have been so many extraordinary credits and debits that it is hard to draw a clear conclusion as to underlying profitability. There is more risk than normal of providing grossly misleading figures.

At the moment, for the financial YTD end May, we are showing a profit of just over \$40,000. However, we still have some capital expenditure to come, and the final depreciation figures for the year are likely to lower this figure somewhat.”

These comments from the Newsletter remain as true as when they were written.

We are still contemplating these chunks of additional capital expenditure, against which we will receive a substantial refund from the House Committee as figures are prepared over the next week or so. Effectively, we have been funding most of the expenditure on the Common Area since the beginning of the year.

Including about \$6,000 in ING, we have just over \$20,000 in liquid funds at present. Our remaining long-term liabilities are represented by the ABF loan of about \$24,000. Our balance sheet is in good shape, and my intention is to apply quite fierce depreciation figures to capital items currently in the accounts.

In the newsletter, I suggested that we conducted a straw poll of members in order to determine the views of a reasonable proportion of the Club Members with respect to the Building Accumulation Fund. I would like the concurrence of the Committee to go ahead with this.

Doug Lavers

Treasurer

Building Accumulation Fund

The Committee will remember that in May 2009, I put forward a "Long-Term Investment Strategy" paper for general consideration. I have not heard any adverse comments about this paper -- in fact I do not recall having received any comments at all. I believe that the assumptions I used are still valid, and I would like the Committee to give serious consideration to this proposal. The original paper is shown as Appendix 1. I would be happy to consider any modifications that are suggested. If the Committee agrees, I would also like to include the proposal in our next Newsletter for comments from our membership generally.

My current view is that we will have paid off all our outstanding debts by the fourth quarter of this year, and will be starting to build a cash surplus.

If there is general acceptance of the proposal, including any modifications, I would like to suggest to the Committee that we start a "Building Accumulation Fund" towards the end of this year with a modest initial investment.

Doug Lavers

Treasurer

APPENDIX 1

LONG TERM INVESTMENT STRATEGY APRIL 2009

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
29	APPENDIX 1		LONG TERM BUILDING FUND PROJECTION							
30										
31	Real Rate of Return Invmts %		3	Starting cash balance \$			50000		Return on	
32	Assumed growth membership%		5	Annual Turnover \$			250,000 Start Membership		700	
33	All cash nos in today's money									
34			2012	2013	2014	2015	2016	2017	2018	
35										
36	Annual membership		700	735	772	810	851	893	938	
37	Annual Turnover \$		260000	273,000	286,650	300,983	316,032	331,833	348,425	
38										
39	Depreciation cashflow building \$		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	
41										
42	Cash Balance Accumulation \$		96,000	97,300	98,665	100,098	101,603	103,183	104,842	
43	End Yr Tfr to Accum Fund \$		46,000	47,300	48,665	50,098	51,603	53,183	54,842	
44										
45										
46	Return on Accum Fd investments \$		1,380	2,840	4,386	6,020	7,749	9,577	11,509	
47										
48	Total Accumulation Fund \$		46,000	94,680	146,185	200,669	258,292	319,225	383,644	
49										
50	LONG TERM BUILDING FUND PROJECTION									
51										
52	Real Rate of Return Invmts %		0	Starting cash balance \$			50000		Return on	
53	Assumed growth membership%		5	Annual Turnover \$			250,000 Start Membership		700	
54	All cash nos in today's money									
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60	Depreciation cashflow building \$		20,000	20,000	20,000	20,000	20,000	20,000	20,000	
61	Operating Surplus \$		26,000	27,300	28,665	30,098	31,603	33,183	34,842	
62										
63	Cash Balance Accumulation \$		96,000	97,300	98,665	100,098	101,603	103,183	104,842	
64	End Yr Tfr to Accum Fund \$		46,000	47,300	48,665	50,098	51,603	53,183	54,842	
65										
66										
67	Return on Accum Fd investments \$		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	

MANAGER'S REPORT JUNE 2010

We have been granted a liquor licence. Recreation Services advised us that they had received the relevant paperwork from Liquor Licensing on May 31 and returned their approval to the Department. The licence was granted on June 8.

Preparations are underway for the Mid Winter party. Numbers are still low and we hope for a last minute rush. After looking into catering for an Italian meal, it was decided to return to last year's arrangements with soup and bread.

Discussions have been held with members of the committee regarding the problems we are having with the air conditioning and other new building matters and Peter and I attended a meeting with Paul Kearsley on Friday June 11. A report is being presented at this meeting.

Advertising is underway for the next beginner's lessons starting in early July. Enrolment so far is limited.

Victorian Youth bridge has set up house at WBC. I am preparing to contact the press and put a display on our notice board in the foyer.

Collection of annual subscriptions is well under way and I must thank Sue Battley, Joan Quirk and Denise Rozner for their considerable help.

I am making arrangements to have a new dishwasher installed in Room 1. I have arranged a carpenter and am speaking to an electrician and plumber.

I am continuing to have all kinds of trouble with the photocopier and am looking forward to next April when the contract runs out. We definitely need a larger, more powerful copier.

I want to thank all the committee and directors for their work in making WBC so successful. There are 44 applications for new membership, and I hope we can continue to attract large numbers of new members. We need to do more work to promote Wednesday sessions. We have been having up to 160 players on Monday mornings, but there is still plenty of room for growth.

I am looking forward to finalizing negotiations with the Committee regarding my employment conditions, so that I can continue to concentrate on my work.

5. NEW MEMBERSHIP APPLICATIONS

Membership applications have been received and approved for: Margaret Birch, Lois Ingram, Bruce Kenneday, Hayley Mitchell, Anthea Bickford, Monica Murphy, Suzanne Kaldor, Daphne Norman, Susan Cook, Glennys Millington, Barbara Wyss, Helen Gregson, Barbara Scherger, Marcia Mead, Noel Cartledge, Margaret Tildesley, Jan Classon, Ian Russell, Fien Ulkhuisen, Lorraine Bloom, Estelle Rubinstein, Alan Sullivan, Louise Neary, Helen Morris, Samantha Ballantyne, Anthea Roberts, Dorothea Wayman, Norman Sonenberg, Joseph Incigneri, Maureen Rendall, Jane Squire, Norma Long, Ruja Varon, Diana Saul, Douglas Harrah, Stewart Franklin, Tracey Cohen, Anna Rothe, Samantha Russell, David Wei, Sean Xie, Jack Huang, Faith Whitehead, Heather Saunders, Frances Minson and Susan Shand.

6. GENERAL

1. Peter reported on the meeting held on June 11 with Paul Kearsley, Rohan Waldie, Miles Davine, Mary Elson and Peter Buchanan. Solutions are being sought for the various problems WBC is experiencing with the new rooms. Paul Kearsley said that it would be possible to alter the temperature settings in the rooms in the short term and that once the windows were working properly it should improve the summer temperature and humidity. It was agreed to get quotes for tinting of windows and that upper windows should have fly-wire. The possibility of having a manual override for the windows will be examined.

2. Mary will report to Council that the quagmire outside the north-east corner of the building seems to be nearly permanent.. She will also report that there are glare problems on the northern end of the building. Mary
3. Discussion of event prize money was held over till the next meeting.
4. Mary reported that the Youth players wanted to run a Trivia Night as a fund raiser in July. It was decided to postpone the WBC trivia night for the time being.
5. New cards will be bought. Martin
6. Mary will purchase cloth for new table covers and a volunteer would be sought to sew the covers. Mary

The meeting closed at 7.05 p.m.

The next meeting will be on Tuesday July 20 at 6.00 p.m.