

Outwards: 23 letter welcoming new members
Iris Carling regarding resignation from Presidency

3. MATTERS ARISING FROM CORRESPONDENCE

- The committee discussed allowing individuals to use the clubrooms for classes.
- It was reported that Peter Buchanan was going to reply to the Electrolytes letter. All decisions to rent ECC to outside bodies will be made by Council staff

4. REPORTS

Attendance January/February 2010
Accounts January/February 2010

Treasurers Waffle March 2010

Every now and again your Treasurer feels compelled to put microphone (speech dictation) to paper.

On this occasion the cause is that he managed to seriously mislead Members about the Debentures last year.

The debentures documents clearly spelt out that repayments would be over a seven-year period approximately. I regret to say that this will not be the case. The Committee has agreed with me that we have sufficient financial resources to repay them all in March. Accordingly, members with debentures can expect to be repaid in full including accrued interest in early April. (This year!)

I apologise to all those members who were expecting a comfortable and secure income for the next few years.

Less flippantly, I would like to pass on the very great gratitude of myself and the Committee for the Members who supported the Club last year financially.

Clearly, we still have issues with the building itself. The storms last weekend clearly demonstrated that the roof is not as waterproof as everyone hoped, and we have a continuing problem with the air-conditioning systems (amongst other items). At the moment we are engaging in a frank and comradely correspondence with the Council about this.

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Futurology is the other matter which has been engaging your Treasurer's attention. We owe a considerable debt of gratitude to those members in the past who were prepared to accumulate sufficient funds to enable us to negotiate with Council for the new building.

The good news is that the same problem is unlikely to arise for

something over 30 years. The bad news is that the Club really needs to think about how to prepare for that eventuality. If there is one certainty in life, it is that your Treasurer will seriously not be involved at that time, but someone else will. Accordingly, he suggests that the BAF be set up. He considered the initials DAFT, but thought better of it. See below for more commentary about what this means! (taken directly from last committee meeting).

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**

MANAGER'S REPORT FEBRUARY 2010

Most of the very heavy workload I have been experiencing is now behind me, though I still have a considerable amount of time spent in 'settling in' work – problems with the Internet, ordering furniture, discussions with cleaners, getting acquainted with the other residents of the building, preparing for the Swiss Pairs etc. I trust that in the next month I shall be able to largely return to my normal duties.

My experience to date is that my administration workload is increasing, mainly due to increased member contact, though I do seem to spend a fair while tidying up the kitchen area, tending to the dishwasher etc. The vast majority of my work is now done at WBC, the only remaining tasks to be done at home are website update, some membership stuff and some emailing. Once my office is completely set up, these tasks will also transfer to WBC.

Securing a cleaning contract is ongoing, alterations have been made to the plans originally outlined and fresh quotes have been received. The Ceres Management Committee is being shown the new quotes shortly and it is hoped that I might be able to get it settled shortly.

I am having ongoing problems with Internet and Email. George has done some work on my computer but it continues to be flaky and generally sulky.

5. NEW MEMBERSHIP APPLICATIONS

Membership applications have been received and approved for :
Nancy Heffernan, Hazel Viccars, Roy Gordon, Helene Rubinstein, Phillippa Dundee, Pat Brown, Mary Macdonald, Anne Kiven, Helen Mahemoff, Estelle Levy, Helen Liberrman, Pauline Wrobel and Charles Baker.

6. GENERAL

1. Floor coverings for the Calisthenics Room were discussed and doubt was expressed that roles of carpet would be light enough to lift and store. A suitable underlay would need to be bought to prevent rubbing.
2. Martin will bring in a fish tank for the clubrooms, and will provide Martin upkeep.

3. 4 Bulletin boards have been ordered. There is a possibility that they may arrive before Friday.
4. Duties of Committee members is held over till the next meeting.
5. The Library cupboard will be delivered next Saturday. Sue requested funds to purchase additional books and was told expenditure of around \$400 was suitable.
6. Adrian Beaumont has expressed a desire to continue playing duplicate Bridge. Martin said that he would play with him next Saturday and assess his needs. Mary will ring Carol Beaumont and arrange this. Mary
7. A discussion was held regarding introduction of a youth training program. Martin said that he wanted to offer a holiday program to members of the Calisthenics club, and plans will be made to approach schools. Martin, Ben
8. A reminder was received from Russell Kennedy, though no original invoice had been received. The invoice was addressed to Mary Elson, Waverley Bridge Club, though the client number quoted was Martin Willcox's number, repeated, with Martin Willcox named as client, on the second page of the reminder. Sue Battley will write a letter to Russell Kennedy. Sue

The meeting closed at 7.05 p.m.

The next meeting will be on Tuesday April 20th at 6.00 p.m. (Later changed to a date to be advised.)