

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

**Tuesday July 12, 2011  
At 5.30 pm**

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

**APOLOGIES:**

**MINUTES OF THE PREVIOUS MEETING**

Minutes of the meetings held on June 14, 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 Mary reported that several small sponsorships had been taken out with half page ads in the newsletter. She asked whether other committee members had any luck with finding sponsors, and received a negative reply. Committee

2 Further to the item above, a \$3,300 sponsorship has been arranged with Bendigo Bank and forms will now need to be filled in to transfer the bulk of WBC monies over to Bendigo. The committee decided that a small amount would need to be retained in Westpac to pay for the Eftpos facility as it was believed Westpac had a 12 month contract with WBC. (Subsequently Mary found that there is no specific contract, but a cancellation fee of \$550 can be paid at any time) Mary asked that Committee members consider transferring their accounts to Bendigo. Though only 3 branches are available through this sponsorship, once accounts are established, banking could be done at any branch.

A motion was proposed that WBC agrees to open an account with Bendigo Bank Ashburton branch.

Proposed: Doug Lavers

Seconded: Peter Buchanan

Accepted unanimously.

Doug

3. The solar system has been installed and electrical work is being carried out. Information was received that the 17 degree angle of the panels is the best for efficiency in summer. Doug will ring the company regarding the inverters and for discussions on metering.

Mary, Doug

4. Honour boards have been delivered and Mary will arrange lettering. Doug offered to take the boards to Albert Park. It was decided to get quotes from new handymen to hang the boards.

5. Martin was not present at the meeting, but it was reported that he had said that the person manufacturing the bidding boxes had been sick.

6. The Friday night competition has not yet attracted many new players.

It was decided to continue for the time being.

Mary

7. Copies of the proposed changes to the Constitution have been posted on the notice board in Room 2. Subsequent to this meeting, copies were posted on the website. Mary will advertise an information meeting to be held on Tuesday August 2 at 1.30 pm for all interested members.
8. The Croft Teams will be held at WBC on Saturday July 16. It was agreed to charge \$300 to the FABCV for the day.
9. The Mid-Winter party was successful though numbers were down approximately 20 from last year.
10. A fundraiser for the Make A Wish Foundation will be held on Sunday July 17. So far, only 17 pairs have signed on to play, but a successful raffle is being run, with a first prize of a \$200 Westfield voucher donated by Athelstan Camberwell (who will be displaying advertising banners at the fundraiser). Several donations have also been received. Representatives of Make A Wish will be running the sausage sizzle and selling drinks.
11. A brief explanation of session type has been added to the Sessions Page on the Website. John said that he would like a clearer explanation of skill levels.
12. The proposed article on Emergency Procedures to be put in the Newsletter has not yet been written.

Mary

Mary

## 2. CORRESPONDENCE

### **Inwards:**

VBA – removal of charge for newsletter announcement

### **Outwards:**

Migration Path regarding directing issues.

## 3. MATTERS ARISING FROM CORRESPONDENCE

## 4. REPORTS

Attendance June 2011

Accounts June 2011

### **Treasurers Report July 2011**

#### **Accounts**

As of 10<sup>th</sup> July we have about \$30,000 in our combined Westpac and ING accounts.

Contemplating the first cut of the annual accounts, the reported figure for the year is a net income of just under \$3,000. The outstanding

vouchers carried forward over year-end total approximately \$28,000. If we adjust for the comparable figure for last year, the latter item will represent a further liability in our accounts of about \$9,000.

There may be further adjustments we need to make to the figures, but the likely current outcome will be a loss for the year of about \$7000.

Although this is a disappointing figure, the Committee needs to appreciate that we have just raised our table fees, and depreciation and capital expenditure last year were exceptionally large. This will not be repeated in 2011 – 2012. Also, the interesting analysis provided by John Kent seems to emphasise the point that the growth in our sessions still appears to be continuing.

As soon as the Annual Accounts and Sources and Applications Statement are complete [probably next week], we will use our budget forecast spreadsheet to try and make some forecasts for the next year.

Having said this, I consider that we will have to be much more careful with our expenditure this year, and the profitability of a number of our sessions will have to be closely examined when the figures are available, possibly at the end of August.

### **Solar panels**

Installation of these should have more or less been completed, and we are now awaiting the replacement of the meter box. My understanding is that WBC will take over responsibility for electricity consumption for our area as soon as this meter is installed.

I would recommend to the Committee that for the first few weeks at least, and possibly much longer, we make a regular log of the meter readings at the last evening session and first thing in the morning. This will have the objective of checking that the air-conditioning system itself is working properly. For example, if there was a very large power consumption between 11 pm and 9 am the following morning, this might suggest that the air-conditioning had been running all night. The process might also give us a real understanding of our power consumption.

I was told by the installers that the panels have been installed at an angle of 17° pointing North, in order to maximise up our generation in summer.

### **Building Accumulation Fund**

A primary objective in considering this project was to ensure that depreciation monies were effectively saved in order to provide a capital fund in about three decades. Although the club is not particularly profitable at present, I believe that we need to get the process underway, even if only with a very modest initial investment.

It would seem appropriate to repeat some comments made in the January 2010 paper which outlined the concept.

*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 cash flow 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.*

**The above comments encapsulated the basic investment policy of the fund, and the considerations which should be applied in deciding the level of investment.**

Clearly the investments would have to be in the name of Waverley Bridge Club. Wholesale investment funds or similar collective investment vehicles would probably be utilised, and it might be desirable to set up a separate ING account to manage "investment" cash.

I consider it will be desirable to set up a separate Investment Subcommittee, and I would welcome the views of the Committee on how this should be constituted and chaired. Such a subcommittee would need to have clear reporting guidelines to the main Committee.

A draft of an investment policy statement has been attached. I do not believe that there are any outside regulatory requirements which have to be met. i.e. no sub Committee members need to be licensed as they would be Club members enjoined to manage Club investments.

***Doug Lavers***

***Treasurer***

## **APPENDIX**

### **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 Committee and the Investment Committee to ensure clarity in the management

of the Club's investments.

**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 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/Committee accept the investment risk associated with volatile investments in view of its long term nature.

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

### **2.1 Introduction**

The Committee 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 Committee'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**

Risk and return are related

Markets are not perfect

Return requires risk but risk does not guarantee return

Diversification reduces risk

### **2.3 Guiding Principles**

2.3.1 At the overall portfolio level, risk is related to failure to meet objectives

2.3.2 The volatility of returns over short term periods is an incomplete measure of risk, both at the overall portfolio level and for individual assets

2.3.3 Diversification is the key to managing risk

2.3.4 Price relative to fundamental value is the prime determinant of the attractiveness of an asset for investment

2.3.5 Prices can deviate significantly away from fundamental value

over short or even medium term periods, but will trend towards fundamental value over the long term

2.3.6 The extent of leverage within an investment should be considered

The Committee believe that active management will add value

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

### **2.4.1 Asset Allocation**

The WBC will use the following strategies:

*Investment in managed funds 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 Committee is to act as a delegate of and an advisory body to, the WBC Committee of Management in relation to:*

- a) the ongoing monitoring of the Fund's Investments and Investment Performance to assist the Directors 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 for all options 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, Investment Compliance Manual and associated Investment Procedures, Strategies, Plans and Statements.

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

The Committee agrees to delegate the following specific powers to the Investment Committee:

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

Decisions made by the Investment Committee will be regularly reported to and reviewed by the Board.

### **3.3 Investment Committee**

**3.3.1 Composition of the Committee:** The Committee membership shall consist of:

President, Vice President and Treasurer of WBC are members ex-officio of the Investment Committee.

**3.3.2** The Committee may, unless the Board directs otherwise, co-opt as a member of the Committee for any specific purpose any person or persons, who may or may not be a Committee member provided that person is a financial member of WBC.

### **3.4 Investment Objectives**

To achieve attractive long term returns, whilst accepting a reasonable level of volatility in returns over shorter periods.

*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 should 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;
- ascertain the existence of any particular weakness in a manager; and
- allow the committee to continually assess the ability of the managers to successfully meet the objectives of the fund.

Returns achieved by the appointed managers will be assessed by the Investment Committee 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 Committee.

For the purposes of calculating benchmark performance, the following indices will be used:

<b>Sector</b>	<b>Index</b>
Australian Shares	S&P/ASX 300 Accumulation Index
International Shares	MSCI World All Country Index Unhedged dividends reinvested
Private Equity	S&P/ASX All Ordinaries Accumulation Index
Property Growth	S&P/ASX 300 Property Trust Accumulation Index
Property Income	Mercer Unlisted Property Funds Index (UK)
Growth Alternatives	UBS Bank Bill Index plus 5% per annum
Infrastructure	UBS Bank Bill Index plus 3% pa
Fixed Interest - Yield	UBS Bank Bill Index plus 2%
Fixed Interest - Duration	UBS Composite Bond Index 0+yrs
Defensive Alternatives	UBS Bank Bill Index plus 2%
Cash	UBS Australian Bank Bill Index

A subcommittee was formed to begin work on the proposed Building Accumulation fund. Peter, Doug, Rob and John will be on the committee, and Michael Petrie has been asked to join.

Doug and John will redraft the proposal for the next meeting.

#### MANAGER'S REPORT JULY 2011

Collection of subscriptions is proceeding well. I shall send first reminder letters at the end of this month.

The increase in table fees and changeover to selling green \$90 voucher sheets has been smooth. (Laura fears that people will be returning pink vouchers with \$1 extra for the next three years!)

The workshops run on Saturday mornings are doing well with 25 to

40 people attending. The beginner's lessons are half way through. I lost one woman after the first lesson, but have retained the rest, apart from absences for illness. I am already fielding enquiries for the October classes.

The mentoring program is successful to a point. Participants are reporting that they are getting a lot from the sessions, though I still have more applicants than mentors. Currently there are around 6 mentors, but have a waiting list of 3 or 4.

Leading up to my absence for shoulder surgery, I am teaching Diana Jacobs how to handle the book-keeping. She was Administrator at a primary school for many years and has a good understanding of book-keeping, though she has not used Quickbooks before. I am confident that she will do fine and will have ample avenues for assistance should she need it.

Ian Speed has begun training for supervised sessions. He is enjoying it and I think will do very well.

## **5. NEW MEMBERSHIP APPLICATIONS**

Applications were received from:

Lou McKenna, Peter Wilson, Beryl Permewan, Marg Stocks, Sue Lindton, Kaye Leeton, Susan Dunstan, Jill Croom, Elizabeth Moffat, Annette Grauman, Patricia Goldman, Marcia Barmby, Irene Purcell, John Wells, Camille Butler, Doris Menashe, Pamela Hannell, Barbara Lonergan, Virginia Staggs, Ron Page and Marion Page.

All applications have been accepted.

## **6. GENERAL**

1. John distributed copies of performance graphs outlining WBC attendance figures. Though most sessions are doing well, several sessions, particularly Friday evening, are waning, and further discussions will be held in the course of the next few months to decide whether to continue with this and other underperforming sessions. It was pointed out by Peter that WBC, being a non-profit club, should be providing a good range of available sessions even though some are not doing well. John suggested that a handicap event might be tried on a Friday evening. Paula said that Handicap events were not popular at the VBA. John, Mary  
Mary will send John attendance figures every month so that the graphing can be continued.
2. Mary asked whether the Committee would consider canvassing members with regard to forming an electricity purchasing group. Agents can achieve good savings if large numbers of participants are willing to change providers. It was decided to look into this further, with a view to taking part in the scheme. Mary

- 3 It was decided not to pay for another year of mail re-direction, Mary and Mary and Laura will need to regularly check the mail box at Ashwood Hall.
- 4 The committee agreed to give Laura a \$50 budget to design recycling boxes to put in the clubrooms.

The meeting ended at 7.05

The next meeting will be held on Tuesday August 9 at 5.30 pm