

TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT

MINUTES OF SPECIAL MEETING OF THE BOARD OF COMMISSIONERS

February 27, 2020, 6:30PM

TIMBERLANE COUNTRY CLUB (OLD PRO SHOP)

#1 TIMBERLANE DRIVE GRETNA, LA 70056

MEETING CALLED TO ORDER (6:37 PM)

INVOCATION AND PLEDGE OF ALLEGIANCE

In attendance: Chair Jon McGill, Ann Berthelot, Ronnie Evans, Harry Stumpf, John Firestone
Quorum is present.

AGENDA ITEMS:

Minutes of the February 20, 2020 Regular Meeting are not yet ready for review. They will be circulated to the Commissioners by email for comment. Then, a draft copy will be posted to the website for public review until they are officially approved at the March 19, 2020 Regular Meeting.

1. Review/Discussion of Proposed Budget for Fiscal Year April 1, 2020 to March 31, 2021

The public will have the opportunity to comment on the proposed budget at the March 19, 2020 Regular Meeting. Notice of the availability of the budget for public viewing and the notice of the date, time, and location of the public meeting will be published in the *New Orleans Advocate*, Official Record Section, either Tuesday or Wednesday, March 3 or 4.

The plan is to post the budget where it is available for review by District members but not the general public. Exactly where and how this will take place is still in discussion. The exact location will be named in the newspaper notice and published on the website.

The budget will be presented in three sections:

- **Executive Summary:** A one-page summary of the income and main types of expenses by broad categories, followed by a bottom line (profit or loss).
- **TNIBD Budget:** A one-page tabular presentation of the line items of TNIBD income and expenses.
- **Timberlane Golf and Recreation (TGR) Budget:** Revenue from golf operations with all the expenses. This is multi-page spreadsheet with multiple categories, columns, and rows. The information here is derived from the actual expenses incurred over the last two years. It is relevant that 2019 was a poor year for Timberlane Country Club, with expenses higher than usual and income lower than usual. By taking into account the results of the previous two years, the Board expects to derive more reasonable estimates for expenses and income.

By presenting the budget in this format, the Board is providing key information for those District members who are primarily interested in the broad picture as well as the complete details for those who wish to examine the specifics more closely.

Budget items mentioned specifically:

- a. Administrative expenses, including email and website, property insurance, and errors and omissions insurance.
- b. Audit for this year and every subsequent year.
- c. Legal fees: Because the Board included three attorneys in 2019 and two in 2020, the Board has been able to minimize legal fees thus far. We cannot, however, expect this to continue to be the case. Therefore, the Board deemed it prudent to allocate funds for legal fees.
- d. Accounting fees: The District has been fortunate to have had the help of several volunteer accountants. However, we cannot necessarily continue to rely on their availability, particularly because these volunteers are especially busy in their own firms at the time of year when the budget is being prepared. Thus, the Board deemed it prudent to allocate funds to hire accountants.

The Commissioners have reviewed the TNIBD and TGR proposed budgets. Significant changes in this newest version of the budget are an increase in the funds allocating to fertilizer and other course improvements, at the suggestion of the Century agronomist after his recent visit. This results in a bottom-line change from \$550,000 to \$557,000 toward golf course management.

Review of the TNIBD Budget

Income:

Income from TNIBD is roughly \$950,000. The District includes 521 properties, a number that changes as properties are subdivided and combined. The total tax revenue comes to just over \$1 million, less the fee required by the Jefferson Parish Sheriff's Office for collection and disbursement of the tax revenues. To date the District has received \$948,000, representing 505 properties. This is the only income on the TNIBD main budget; income from golf operations is separate, within the TGR budget. Income from golf operations does belong to TNIBD, but that income is used in the TGR budget to pay for TGR expenses. The TNIBD will supplement the deficit in operating expenses versus revenue.

Expenses:

Accounting fees: estimated at \$500 per month.

Administrative expenses: \$4,000. This covers postage, printing, Post Office box rental, Dropbox, website and email services, etc.

Audit: We have estimates from five firms, the two extremes of which are \$8000 and \$29,000. The other three estimates are each around \$10,000. Therefore, we have budgeted \$12,000 for the audit. We will be choosing the auditor at the next regular meeting.

Café Hope: \$175,000. This is about \$28 per month for the 521 properties, to cover 75% of the costs of maintaining the gym and pool for District members. Café Hope is paying 25% of the expenses and assuming the costs of renovating the Clubhouse.

Debt principal: \$68,289 (estimate: a more precise figure would require an amortization table).

Errors and omissions insurance: \$3,612.

Commissioner election costs (using the services of a CPA): \$6,000.

Debt interest (includes the loan on the driving range and two SBA loans): \$61,692.

Legal fees: \$500 per month.

Management fees: \$84,000 for 2020. This expense comes out of TNIBD directly, not an operational expense. For the first year, Palmer has agreed to management fees of \$7,000 per month, but in 2021 these will increase to \$8,000 per month. Thus, \$3,000 will be added to the costs for management from the first quarter of 2021. We will add travel costs for Palmer after meeting with them tomorrow.

Property and liability insurance: \$17,015.

Total income: \$950,000

Expenses of District: \$446,608

TNIBD Balance: \$503,392

TGR Net Operating Income: loss of \$473,215

Thus, the net "profit" for the District is about \$30,000. This is indeed narrow, but we are within budget.

In preparing the budget, the Commission has been conservative: to the high side with expenses and to the low side with revenue. The amounts have been based on the actuals for 2018 and 2019, plus the extra amount recommended by the agronomist.

Commissioner discussion:

There was discussion as to whether the salary payroll should be the same from the 2018 to 2019 estimate. Golf course maintenance hourly salary figures were also the same from 2018 to 2019. When compared to the TCC's actual profit and loss statement, these figures were confirmed. In fact, this budget adds \$5,000 for labor costs for remediation per the agronomist's input.

Capitalized repairs were placed under assets rather than under expenses. This needs to be discussed with the Century accountants. From the perspective of the TGR, this could be considered capital outlay, whereas the TNIBD could see it as an operating expense. How to categorize the amount can be determined later; what is crucial now is that it be accurate.

Income from member dues: The budget assumes that 72 members will join GolfVantage. This is considered a conservative estimate, given the value of GolfVantage membership. Dues revenue is assumed to be the same as last year for nonresident members, plus golf revenue already collected, plus a small increase in expected revenue over the year. Subtracted from this are the dues formerly received for resident social memberships and resident golf memberships. This represents a reduction from \$400,000 to \$165,000.

The dues structure for nonresident members is still under discussion with Century and will be decided soon.

There is ongoing discussion with Café Hope about how to allocate the revenue from special events, such as Gretna Green and the Hayride. The District should receive some of the golf or other revenue from these events. The District does not want to pay Café Hope to put on these events, so there will be further discussion.

2. Adoption of Budget Resolution

A resolution was introduced to adopt the budget as outlined, to make public notice of the public hearing on the budget, and to make the budget available to public review in a place and manner consistent with R.S. 39:1307.

- a. Mover: Jon McGill
- b. Seconder: Ronald Evans
- c. ACTION: APPROVE
- d. VOTE: 5-0
- e. YEAS: Ann Berthelot, Ronald Evans, John Firestone, Jon McGill, Harry Stumpf
- f. NAYS: None

Discussion of where to display the budget:

Initial consideration was to place the budget in a binder in the Administration Office, but Jon McGill noted that those who viewed the budget would likely ask Michelle Preuss various questions about the budget, which she would probably not be able to answer. And because the budget is to be viewed only by District members, it was also considered undesirable to post the budget in a place where it would be visible to the general public.

3. Concerns from the Public

Jon McGill addressed the concerns raised by Mr. Heine at last week's Regular Meeting regarding IRS liens against Café Hope for tax years 2015 through 2019. Jon McGill stated that he followed up immediately and learned that all judgments through 2018 had been paid; those for 2019 are still in active dispute by Café Hope; however, they have set aside the disputed amounts should they not prevail. In either case, the District would not be liable for any of Café Hope's tax debts.

4. Adjourned

- a. Mover: Jon McGill
- b. Seconder: Harry Stumpf
- c. ACTION: APPROVE
- d. VOTE: 5-0
- e. YEAS: Ann Berthelot, Ronald Evans, John Firestone, Jon McGill, Harry Stumpf
- f. NAYS: None

5. Addendum

After this meeting, the Board reviewed the statutes governing public posting of the budget, the Local Government Budget Act (RS 39: 1301-1312). We felt under RS 39: 1302, the TNIBD fits under the definition of a "political subdivision". Under RS 39: 1306A, TNIBD is obliged to submit our budget to the governing authority, which is Jefferson Parish. Consultation with

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Jefferson Parish on the day after the meeting revealed the specific location was the Parish Clerk's office.


Under RS 1308(A)(3), the location where the budget must be made available for public review is the parish clerk's office.

Under RS 39: 1307B, the budget must be made available for public review at least ten days before the meeting for public comment (announced for March 19th). May 5, 2020 is ten working days before that meeting. We decided to give ourselves an extra day's margin and file on March 4th.

We later discovered there was significant difficulty with TNIBD members gaining access to view the budget at the Jefferson Parish Clerk's office. We then decided to post the information on the TNIBD website for public review.



Jon S. McGill, Chairperson
Signed:



John Firestone, Secretary
Signed:

6/23/20

Approved