

**TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, MAY 18, 2022**

In Attendance: Committee Members: Tom Ferris, George Jesien, George Meyer, Bill Probst, Jane Vaske; Board Liaison: Larry White. Insurance Agent: James VanBuskirk, M-3 Insurance. Guests: Janet Hirsch; **Absent:** Denison Tucker.

1. Property Insurance Premium Concerns and the 2023 Insurance Renewal-James

VanBuskirk, M-3 Insurance: James VanBuskirk of M-3 Insurance met with us to discuss property insurance premium concerns facing Tamarack and the 2023 insurance renewal and what to expect. James informed us that last year, Acuity wanted out of insuring Tamarack because the rate was too low for the risk. The major risk factors that Acuity had were the habitational use of our association, the fact that the buildings have wood frames, and the age of the condos. Since none of those factors were going to change, Acuity wanted out. In addition to Acuity, many other insurance companies are getting out of this market. This is true even though Tamarack has had a very positive experience as to filing claims. James said that even though our past experience has been positive that insurers are forward looking.

James provided the finance committee with a summary of the recent insurance history. Tamarack was insured by Travelers for a number of years. We switched to Acuity in 2019 to save about \$8,000. James believes that the switch to Acuity probably delayed the large premium increase by a year, but we would have most likely ended up at the same premium level. Premiums have increased from \$135,000 in 2019 to \$146,000 in 2020 to \$220,000 in 2021. The blanket coverage has remained at \$92 million.

Our current policy renews on September 1st. James expects an offer 60-75 days in advance. About that time, we should get a link to M-3's Indio system where we can confirm or adjust any info for the association that may have occurred during the year. From there M-3 will send the information to carriers to get the terms for the coming year. The form is expected in early June. We discussed the need to update the amount of coverage especially in lieu of the increase in assessments this year. James believes that the increase this year will be in a small manageable range in single digits.

We discussed possible mitigation procedures we could take to minimize the premium increase. We discussed adjusting the building coverage such as who pays, the owners or the association. James talked about how personal properties have loss assessments to cover the damage deductibles. An increase from the current \$10,000 deductible to \$20,000 could be one mitigating procedure. We discovered that we had a different understanding than James as to the \$10,000 deductible. Committee members thought that the \$10,000 was per unit, while James thought that the deductible was per building. If per building and we double it to \$20,000, it is expected that only stand-alone units would be impacted. He will check to verify the specific language for the deductible. James believes that once we get terms from Auto Owners that then we can start suggesting changes in deductibles.

The new insurance work group consisting of George Meyer, George Jesien, Michael O'Sheridan, and Dave Larson will be working with James as well as discussing action we may want to take to address the insurance issue.

2. April Meeting Minutes Approval: The minutes were approved as written.

3. Review April 2022 Financial Reports: Jean just received the April bank statements so the April Financial Report was not available. We will send out the report to everyone when Jean is able to complete the report. Jean expects to have the report completed tomorrow, the 20th. An update on our USBank investment balance was not available.

4. Operating Cash Level: In discussing our 2021 audit report with Jordan of Wegner CPAs at our April meeting, we talked about the reasonableness of the current operating cash balance and what we should do with any excess cash. In reviewing the level of operating cash, we decided to work from the audited December 31, 2021, balance. Per the 2021 audit report, our operating cash balance as of December 31, 2021, was \$207,163.

In estimating the level of excess cash, we discussed the following:

1. Non-allocated cash from 2021 which was thought to be \$30,000-\$50,000.
2. Payroll savings in 2022 including insurance costs: maintenance **through March** was \$25,200; landscaping **through March** was \$12,700, and Association Manager, until one is hired, monthly savings will be \$8,000, or total savings of \$50,000-\$55,000.
3. Net income of \$5,183.
4. Unbudgeted costs for the Maple Leaf contract adjustment, \$19,000, and Victor's contract for power washing, \$3,600.
5. Costs to repair one of our Bobcats and to rent a replacement Bobcat until ours is repaired.
6. Potential increases that may occur in the new insurance contract for the months September-December.
7. A potential one-time insurance premium in September to earn a discount of around \$20,000. Last year this was \$220,000. We will review the 2022 budget and cash flow to determine if we will have sufficient cash to pay a one-time premium like we did in 2021, or if we have to go to monthly payments and forfeit the discount.
8. Meeting between Dean Ryerson, Gene Moeller, Jayne Meyer, George Meyer, and Tom Ferris to discuss a business plan for getting maintenance work done which has fallen behind due to the shortage of staff. We will meet next Friday, the 27th.

A related issue is remaining concrete projects from 2021 that were not completed by Affordable Concrete as of December 31, 2021. The cost of the projects is \$5,800. As discussed at our March meeting, these costs are part of the Reserve Fund. This extra cost will result in exceeding the 2022 dwelling concrete budget. Depending on the final decision regarding the pool renovation later this year, there may be more than enough savings to cover the extra concrete costs. If not, since this is a reserve fund component, we will review this during our 2023 budget process and make any needed adjusts to the reserve budget at that time.

5. Capitalization Level: Currently we capitalize expenditures for equipment in excess of \$2,500. Wegner CPAs suggested that we might want to increase this level to \$5,000.

Action Item: The FC recommends that the Board approve an increase in our capitalization level from expenditures in excess of \$2,500 to expenditures in excess of \$5,000.

6. Report on Most Recent Board Meeting (items impacting Finance Committee)

Nothing to report.

7. Other

We discussed a dip in the Oak Creek Trail asphalt and whether the asphalt paving starting next year will repair the problem. This will have to be discussed with Poblocki at the time that this section of Oak Creek is scheduled to be completed.

Next Meeting: June 15th @ 3pm.

TJF: 5/18/22_