

APPROVED

TAMARACK TRAILS FINANCE COMMITTEE MEETING MINUTES WEDNESDAY, FEBRUARY 15, 2023

In Attendance: Committee Members: Tom Ferris, George Meyers, Dave Larson, Bill Probst, Jane Vaske, Larry White (Tamarack Treasurer); Association Manager: Stacey Haberman; Board Liaison: George Jesien; Guests: Don Haasl, Janet Hirsch.

1. Meeting Minutes Approval

The minutes from the November 2022 meeting were approved as written.

2. Updated Unaudited December 2022 Financial Report

Based on the 2021 audit report and the December 2022 income statements, the Reserve Fund Balance is estimated to be approximately \$604,000. However, approved transfers from the operating fund of \$67,100, and the carryover of 2022 budgeted spending for unit chimney caps and the swimming pool amounting to \$139,350, reduce this amount to just under \$531,800. Related to the Reserve Fund, the 30-year spreadsheet used to develop the 2022 reserve budget showed that the minimum reserve balance as of December 31, 2022, should have been \$538,400. While the December 31, 2022, adjusted balance is close to the minimum balance, reserve expenditures for the next 3 years, including asphalt work on Oak Creek, put a strain on the Reserve Fund Balance and necessitate 3 years of 8% increases plus an additional increase in assessments of just over \$24,000 in 2023.

The Reserve Fund Balance on December 31, 2022, consisted of the US Bank investment balance of \$502,600 and cash and other assets estimated as \$101,400, as of January 31, 2023, the US Bank investment balance was \$528,225, an increase of \$25,625.

Of the \$226,418 balance in Edward Jones as of January 31, 2023, Larry White reported that the 3-month treasury bills amounting to \$66,000 will mature on March 2, 2023. After a discussion, the Finance Committee agreed to recommend to the Board that the \$66,000 should be reinvested in 6-month treasury bills at Edward Jones.

The Finance Committee also discussed the appropriateness of investing some amount in the Tamarack checking account, up to \$100,000, in an Edward Jones money market account. This will allow Tamarack to earn interest on excess cash, while still allowing quick access to the money. As of December 31, 2022, the balance in the tamarack Trails checking account at Old National Bank was over \$218,000. Stacey will work with Jean Hilgers to determine an appropriate amount.

Action Item: The Finance Committee recommends to the Board that the 3-month treasury bills in Edward Jones that mature on March 2, 2023, should be reinvested at Edward Jones in 6-month treasury bills.

Action Item: The Finance Committee recommends to the Board that given that we have excess cash in our checking account, not earning interest, that we invest an appropriate amount, up to \$100,000, into our Edward Jones Money Market account.

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3. Unaudited 2022 Operations Fund Net Budget Savings

Based on the unaudited December 31, 2022, Financial report, net operating budget savings for 2022 are estimated to be \$105,300. Of this amount, \$54,800 are designated as follows:

Clubhouse Painting (2022 budget)	\$ 800
Replenishment of the Reserve Fund (2023 budget)	\$40,000
Unbudgeted Asphalt Patching in 2023	\$14,000

Clubhouse chimney repairs were approved by the Board in the amount of \$13,100. Since these costs were charged to the Reserve Fund, we need to transfer the \$13,100 from the operating fund to the Reserve Fund to replenish the Reserve Fund for these costs. The remaining net 2022 budget savings after the painting and transfers to the reserve Fund is estimated to be \$37,400. In addition, we anticipate a need to do further follow up chimney work in 2023. The initial estimate for this work is \$6,000. Since these costs are unbudgeted, this work would need to be paid for out of the net operating budget savings for 2022. At this time the need, amount, and timing of this work is unknown, so no decision by the Board is needed at this time.

Action Item: The Finance Committee recommends to the Board that it authorize the transfer of \$13,100 from the operating fund to the Reserve Fund to replenish the Reserve Fund for these clubhouse chimney repair costs.

4. Water/Sewer Service Line Financing

This issue started with the Board approved change in policy at the end of last year. It has expanded into three items, water/sewer service line financing, financing of main replacement, and hydrant replacement. Currently, the reserve budget includes a component for water/sewer service line financing which was expanded to include hydrant replacements. In addition to the Finance Committee reviewing this issue, the Maintenance Committee passed a motion supporting a position written by owner Don Haasl which essentially asks the Board to reconsider its new policy.

George Meyer drafted a position paper setting forth options for funding a change in policy that requires Tamarack to finance some or all of the costs of water/sewer service line repairs as well as addressing long-term financing issues for water/sewer service line financing, financing of main replacement, and hydrant replacement. George Meyer's paper is attached. Meyer's paper discusses the following ideas:

- a. For the remainder of 2023, discontinue having the owner pay the total cost of sewer and water lateral repair/replacement. The Board could look at a number of options of including having Tamarack pay the full cost. Based on the 2023 budget, Tamarack's cost in 2023, if any, would likely need to be from the current year Contingency Fund.
- b. Since the next Reserve Study will not be available for the 2024 budget, financing of any 2024 costs of water/sewer service line repairs and replacement of hydrants would be addressed in the 2024 budget year later this year.

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c. Assuming we have sufficient information from the new Reserve Study, the 2025 budget should reflect the assessments necessary for the Reserve Fund to meet the long-term repair/replacement of Tamaracks sewer and water laterals, mains and hydrants.

d. During the remainder of 2023, Tamarack should gather the necessary information needed to help ourselves and the company that will work on our new Reserve Study determine the characteristics and history of our sewer and lateral systems. That should include reviewing carefully the mapping that was done when the infrastructure was put in over the years, the scoping of pipes done about 4 to 5 years ago by Monona Plumbing, and any relevant information that owners can provide. It would be good to get advice from the City's sewer and water utilities on pipe longevity, Monona Plumbing who can provide more detail on what they found and also their experience on pipe longevity, other homeowners associations with similar systems such as Cherokee, CAI, and of course Reserve Advisors.

Stacey and Jean Hilgers will search Tamarack's records to determine what pertinent information we already have. Stacey will report back to the Finance Committee at our March meeting. One option is with Board approval to form a workgroup lead by Stacey with representatives from the Finance Committee and Maintenance Committee, as well as, any interested owners.

After a discussion, the Finance Committee agreed to recommend to the Board that subject to its approving the Maintenance Committee's motion regarding Don Haasl's position paper that any funding of 2023 main/lateral repairs be paid for out Tamarack's contingency fund at Old National Bank to be replenished in the 2024 budget.

Action Item: The Finance Committee recommends to the Board that subject to its approving the Maintenance Committee's motion regarding Don Haasl's position paper that any funding of 2023 main/lateral repairs be paid for out Tamarack's contingency fund at Old National Bank to be replenished in the 2024 budget.

5. Association Manager's Report

Stacey reported the following to the Finance Committee:

1. We are relooking at all contracts for 2023 that were previously approved by the Board. The idea is to get additional bids and lower costs. The Maintenance Committee sent a recommendation to the Board to approve some lower bids that we have already received.
2. We will again start posting all approved Board and Committee minutes on Tamarack's website. This was done earlier in 2022, but discontinued in May.
3. We are in the process of trying to fill the maintenance supervisor position and one grounds vacancy. In addition, a former grounds part-time employee has expressed an interest in maybe rejoining Tamarack's staff.

Next Meeting: March 15, 2023 @ 4pm.

TJF: 2/15/2023