

**TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, AUGUST 16, 2023
ZOOM MEETING**

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

1. Property Insurance Update

The Finance Committee discussed the Rural Mutual insurance proposal for the period September 1, 2023, to August 31, 2024. The following are the insurance policy coverages recommended by the Finance Committee:

- a. Property – While the premium remained unchanged, the inflation guard increased coverage from \$103.7 million to \$111.4 million. Therefore, the premium increased by about \$10,570,
- b. Commercial Crime coverage – Since Tamarack has basic coverage of \$50,000, it was determined that the commercial crime coverage was duplicative and unnecessary. Canceling this coverage will save Tamarack \$7,930.
- c. Abuse and Molestation, and Employment Related Practices – While we considered adding this coverage which was included under commercial crime coverage, Rural Mutual excludes such coverage on its own.
- d. Umbrella Liability – We considered increasing umbrella liability coverage from \$10 million to \$15 million. Amounts over \$10 million, however, are covered by reinsurance and will cost an additional \$5,200. We considered the cost increase excessive, assuming we were able to get the increased coverage. We recommend continuing umbrella liability coverage at \$10 million.
- e. Other coverage:
 - i. The General Liability premium decreased by \$170.
 - ii. The Worker’s Compensation premium decreased by \$1,900.
 - iii. The net premium change is an increase of just under \$600.

Action Item: The Finance Committee recommends that the Board approve the renewal of the Rural Mutual Insurance policy with the only change being cancellation of the separate Commercial Crime coverage because we have \$50,000 of coverage with the basic policy. The net impact of this recommendation is an increase of \$570 for 2024.

2. Edward Jones Investments

a. Operating Cash Target

Based on the Tamarack Accounting Policies and Procedures Manual, the current operating cash target is one month of general operating expenses or approximately \$100,000. The Finance Committee considered an increase in the operating fund cash target to two months of general operating expenses. Based on the 2023 operating budget, that amount is just under \$200,000. It was determined that the current operating cash target of \$100,000 together with monthly operating assessments of approximately \$100,000 is sufficient, so an increase is not needed.

b. Operating Funds or Reserve Funds

At recent meetings, we briefly discussed whether the Edward Jones investments should be transferred to the reserve fund since they represent excess operating earnings over the years. The Edward Jones investment balance at the end of June amounted to \$332,100, broken down as follows:

US Treasury Bill	Matures on 8/31/2023	\$66,700
3-Month CD	Matures on 9/5/2023	\$69,000
6-Month CD	Matures on 12/5/2023	\$69,000
Money Market Funds		\$127,400
Total		\$332,100

To achieve an operating cash target equal to one month of general operating expenses, eliminate the excess operating earnings situation, and help address the reserve fund balance that is fighting to stay above the minimum balance that we have established, the Finance Committee recommends transferring just under \$205,000 from the operating fund to the reserve fund. This amount represents the current total of the US Treasury Bills and the 3-month and 6-month CDs. The amount of Money Market Funds will stay in the operating fund to meet the operating cash target.

Action Item: The Finance Committee recommends to the Board that the current amount of the Edward Jones investments in Treasury Bills and CDs, just under \$205,000, should be transferred to the reserve fund, as it represents excess operating earnings. Money Market Funds shall remain in the operating funds to achieve an operating cash target equal to one month of general operating expenses.

3. Reinvest Maturing T-Bills and CDs

Investments in US Treasury Bills at Edward Jones, with a matured value of \$67,000, will mature on 8/31/2023. CDs, with a matured value of \$69,000, will mature on 9/5/2023. After a discussion, the Finance Committee agreed to recommend to the Board that the maturing 3-month CDs in Edward Jones should be reinvested in either 3-month CDs or Treasury Bills, whichever is most advantageous at the time. The Finance Committee also agreed to recommend to the Board that the Treasury Bill in Edward Jones should be reinvested in either 6-month treasury bills or CDs, whichever is more advantageous at the time.

Action Item: The Finance Committee recommends to the Board that the maturing 3-month CDs in Edward Jones should be reinvested in either 3-month CDs or Treasury Bills, whichever is most advantageous at the time, and the Treasury Bill in Edward Jones should be reinvested in either 6-month treasury bills or CDs, whichever is more advantageous at the time.

4. Association Manager's Report

Stacey informed the Committee that in addition to the \$30,000 budgeted in 2023 in Account 73150, Dwellings Concrete, an additional \$500 will be needed for the bike racks by the clubhouse as the current situation is a safety hazard. Next meeting is scheduled for September 20, 2023, at 3pm when we will discuss the draft 2024 budget.