

**TAMARACK TRAILS  
FINANCE COMMITTEE MEETING MINUTES  
WEDNESDAY, OCTOBER 18, 2023**

**In Attendance:** Committee Members: Tom Ferris, George Meyer, Bill Probst, Dave Larson, Larry White (Tamarack Treasurer); Absent: Jane Vaske; Board Liaison: George Jesien; Guests: Janet Hirsch, Jayne Meyer, Don Haasl, Les Mirken.

**1. Edward Jones Investment Update**

Zach Burch of Edward Jones met with the Finance Committee to talk about Edward Jones' market outlook and recommendations for investment steps the Tamarack should take in preparation of reserve withdrawals for the pool replacement in 2025. Zach told us that he expected that rates should stay higher for longer and are not expected to come down until the end of 2024. He said the expectations for a recession are about 60/40, but they don't expect the recession to be as significant as once expected.

In anticipation of needing to withdraw reserve funds to pay for the pool replacement, he suggested that we start slowly to move funds into investments like money market accounts, CD's, or T-Bills.

**2. Meeting Minutes Approval**

The minutes from the September 20, 2023, meeting were approved as written.

**3. Unaudited August 2023 Financial Reports**

The September financial report was not available at the time of this meeting. I will distribute to committee members when I receive them from Jean.

Comments regarding the Unaudited August 2023 Financial Report:

- a. August Reserve Account #42610, Investment Gain/Loss – August loss of almost \$12,400.
- b. August Reserve Account #70500, Asphalt – Asphalt work completed on first phase of Oak Creek. August amount is the remaining contract amount.
- c. August Reserve Account #73150, Dwelling Concrete – Remainder of concrete work associated with Oak Creek asphalt work.
- d. August Reserve Account #73350, Painting – 2023 budget work has been completed at a cost of \$58,000 versus budget of \$85,000. Stacey is working to get more painting done on Oak Creek up to the budget amount due to the backlog in painting.

Based on the 2022 audit report and the Unaudited August 2023 income statements, the Reserve Fund Balance is estimated to be a little over \$904,000, a decrease of \$107,000 from the July 31, 2023, balance. This is mostly due to the final payment on the Oak Creek asphalt work and the associated concrete work. The August 31, 2023, balance consists of the US Bank investment balance of \$540,700, Edward Jones investments of \$208,200, and cash and other net assets

estimated as \$155,100. However, the unspent carryover of 2022 budgeted spending for the swimming pool amounting to \$122,850, reduces this amount to \$781,150. The US Bank investment balance as of September 30, 2023, was \$519,100, a decrease of \$21,600.

Related to the reserve fund, the 30-year spreadsheet used to develop the 2023 reserve budget showed that the minimum reserve balance as of December 31, 2022, should have been \$538,400. By the end of 2023, the minimum balance should be \$551,900. While the August 31, 2023, balance is well above the minimum balance as of December 31, 2023, this is deceptive. In the next two years we have two more phases of asphalt paving on Oak Creek, increasing cost of wood rot repairs, and the replacement of the swimming pool, probably in 2025.

#### **4. Draft 2024 Annual Budget Update**

The Finance Committee discussed the following changes to the 2024 draft budget which was presented at the October 10<sup>th</sup> Budget Hearing:

- a. At the budget hearing, it was pointed out that the contract for trash pickup expires in about April of 2024. The draft budget used the same budget amount for 2024 as 2023. The 2024 contract is expected to increase from \$56,200 to \$60,000.
- b. We were made aware that there are about ten condo units that need the gutters replaced at an estimated cost of \$7,500. Without the gutter replacements, these units may end up having foundation issues.
- c. GHC, our current health insurance carrier, has informed us of a 10.37% increase in health insurance premiums. We are still waiting to hear back from other health insurance companies. Delta Dental has also informed us of the dental insurance premiums that will go into effect on January 1, 2024. Currently, the 2024 premiums amount to an increase of about \$5,600.
- d. The estimated December 31, 2023, reserve fund balance was adjusted to consider the following which reduces the estimated reserve fund balance from \$1,013,000 to \$953,600:
  - i. Reserve withdrawals were increased by \$6,200 for Tamarack's share of the wood rot at 9 Mountain Ash. Originally, we didn't think the work would be completed in time to get a bill for this year.
  - ii. The most recent 30-year spreadsheet reflected an estimated 2023 interest earned of \$85,000. However, Tamarack's investments in the US Bank decreased in July and August. To be safe, it was decided that Reserve Fund interest earned should be adjusted to reflect the 4% expected interest rate for 2023 that we use for all the other years. Hopefully, October through December will reflect big gains, but we feel safer with the 4% rate.
- e. The result of these changes is a \$9,000 increase in budgeted operating expenses and in budgeted Reserve withdrawals.
- f. Since we are already at the maximum 10% increase in the AMA for 2024, the impact of these changes is an increase in the operating assessments that are offset by a

decrease in the additional reserve assessments to help pay for the pool. In addition, the estimated reserve fund balance at the end of 2024 decreases by \$80,000, from \$1,002,000 to \$922,000.

The Finance Committee will consider these changes at its November meeting and make a recommendation to the Board regarding the final 2024 budget at that time. Attached are updated 2024 budget schedules.

**5. Other**

Next Meeting – November 15, 2023, at 3pm.