

DRAFT
TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, FEBRUARY 21, 2024

In Attendance: Committee Members: Tom Ferris, Jane Vaske, Larry White, George Meyer, Dave Larson (Tamarack Treasurer); Absent: Denison Tucker, Bill Probst; Board Liaison: George Jesien; Guest Speakers: James Steinbach, Jayne Meyer, Janet Hirsch; Other Residents: 3.

1. US Bank

Chris Heying and Aaron Reinert of US Bank met with us to discuss a proposed change in service level for Tamarack's investment account and to make suggestions regarding the potential withdrawal of investment funds and the need for loans to fund the pool replacement costs. Chris Heying discussed the possible switch of Tamarack's account from the Private Wealth Management division to the Wealth Management division. Chris Heying would take over as the wealth management advisor. Currently we pay a fee of 1.1% per year based on assets in the account, or a minimum \$12,000 annual fee. Under the new arrangement we would pay a fee of 1.0% per year based on assets in the account, with no minimum amount.

Regarding the need to use reserve investments to fund the pool, Chris said we could leave the amount in the investment account until we need the money or move it to a money market account. Money market accounts at US Bank are currently paying interest at a rate of 4.5%. If we moved the money to a money market account this would be a taxable event. We currently have an unrealized capital gain of \$131,000. If we did this, we might want to split it into two parts, one in 2024 and another in 2025. This would spread out the taxes paid on capital gains.

As to any loans, Aaron Reinert suggested that we talk as soon as we can to make sure we can get a loan approved. He said if we can get a loan, we could get pre-approval using a line of credit before locking in rates. They estimated that rates would be dropping starting this summer through next year.

The committee discussed transferring the Tamarack account from the Private Wealth Management division to the Wealth Management division. We approved a motion recommending that the Board approve the account transfer.

Action Item: The Finance Committee recommends to the Board that Tamarack's US Bank investment account be moved from Private Wealth Management division to the Wealth Management division for cost savings.

2. Meeting Minutes Approval

The minutes from the January 17, 2024, meeting were approved as written.

3. Unaudited December 2023 Financial Reports

a. Comments and Questions:

The Finance Committee reviewed the unaudited December 2023 Financial Report. Specific accounts discussed were:

- a. Operating Account #42500, Interest Income – Interest on Edward Jones money market account. The Appfolio statements show this interest in the Reserve Fund. I reclassified the money market interest income to the Operating Fund.
- b. Operating Account #54000, Legal/Prof Fees – Reserve study fee. Since paid in 2023, the reduced fee was \$7,500. We also paid an initial legal fee for the city encroachment issue.
- c. Reserve Account #42610, Investment Gain/Loss – Second straight gain. An increase of almost \$29,000 in December.

In addition to these accounts, we discussed several other operating accounts which were over budget and the reasons for each.

b. Excess 2023 Operating Funds

The net operating income in 2023 was over \$128,000. When you add depreciation back as a non-cash item, this increases to around \$142,000. It was decided that we didn't need to transfer any funds to the Reserve Fund at this time, since we can advance money at any time. However, we discussed that because the beginning of the year are low spending months that we could invest some excess cash in certificates of deposit or treasury bills. After a discussion, the Finance Committee agreed to recommend to the Board that excess cash amounting to \$250,000 should be invested in 3-month treasury bills or CDs at Edward Jones, whichever is more advantageous at the time.

Action Item: The Finance Committee recommends to the Board that excess cash amounting to \$250,000 should be invested in 3-month treasury bills or CDs at Edward Jones, whichever is more advantageous at the time.

c. Reserve Fund Balance

Based on the 2022 audit report and the Unaudited December 2023 income statements, the December 31, 2023, Reserve Fund Balance is estimated to be almost \$1,017,000, an increase of \$38,000 from the November 30, 2023, balance. The December 31, 2023, balance consists of the US Bank investment balance of \$572,000, Edward Jones investments of \$207,000, and cash and other net assets estimated as \$238,000. The January 31, 2024, US Bank investment balance has decreased by about \$3,000 to \$569,000.

The estimated reserve fund balance of almost \$1,017,000 as of December 31, 2023, compares favorably to the minimum reserve balance as of December 31, 2023, of \$551,900. While the December 31, 2023, balance is well above the minimum balance, depending on the swimming pool design that is selected, we may need every dollar and more.

d. Reinvest Edward Jones Investments

Three Certificates of Deposit mature in March. A CD, with a matured value of \$67,000, matures on 3/6/2024. Another CD, with a matured value of \$70,000, matures on 3/15/2024. Finally, the third CD, with a matured value of \$70,000, matures on 3/21/2024. After a discussion, the Finance Committee agreed to recommend to the Board that the CDs maturing in March 2024 should be reinvested in 9-month treasury bills or CDs, whichever is more advantageous at the time.

Action Item: The Finance Committee recommends to the Board that the CDs in Edward Jones maturing in March 2024 should be reinvested in 9-month treasury bills or CDs, whichever is more advantageous at the time.

4. Update On Funding for Current Swimming Pool Replacement Options

As we discussed at our January meeting, the Finance Committee is concentrating on its responsibility to focus just on the financial side of the project and not the design aspects.

The committee discussed the following Tamarack Trails Swimming Pool Replacement Options - 2024-2036 Spreadsheets:

- a. Total Costs
- b. Funding Methods
- c. Reserve Fund Summaries: 2024-2036

After a discussion, it was decided that the attached Pool Assessment Comparisons spreadsheet was a more appropriate representation of the impact of approving both the 3500 square foot pool with a deep end, same size as current pool, and the 3150 square foot pool with a deep end, seven feet shorter than the current pool. This spreadsheet shows estimates of the AMA each year from 2024 through 2036, the sum of the AMAs for this period, total assessments each unit will pay, the increase in assessments if we construct each of the two pools, and the % of the increase to total assessments.

5. Association Manager's Report

Stacey discussed several contracts that have been negotiated and that were presented to the Maintenance Committee. She also discussed Tamarack's Water/Sewer Service Line Financing policy, which was agreed to early in 2023, but was never formally approved.

6. **Other**

Next Meeting – March 20, 2024 @ 3pm

TJF 2/21/2024