

APPROVED
TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, March 20, 2024

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

1. Meeting Minutes Approval

The minutes from the February 21, 2024, meeting were approved as written.

2. Unaudited December 2023 Financial Reports

a. Comments and Questions:

Since it is the first month, there were no comments regarding the Unaudited January 2024 Financial Report.

b. Excess 2023 Operating Funds

Per the December 31, 2023, operating income statement, 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. While we normally transfer any excess operating funds to the reserve fund, that is dependent on the amount of cash in the operating fund. The operating cash target in effect currently is \$100,000. Per the January 31, 2024, balance sheet, the operating cash balance at the end of January is \$209,700. The balance sheet as of December 31, 2023, shows an operating cash balance of \$196,400. Depending on what happens because of the 2023 audit and the next couple of months, we may be able to transfer money from the operating fund to the reserve fund rather than having an advance that is paid back.

c. Reserve Fund Balance

Based on the 2022 audit report and the Unaudited January 2024 income statements, the January 31, 2024, Reserve Fund Balance is estimated to be almost \$1,060,000, an increase of \$43,000 from the December 31, 2023, balance. The January 31, 2024, balance consists of the US Bank investment balance of \$569,000, Edward Jones investments of \$208,000, and cash and other net assets estimated as \$283,000. The US Bank January 31, 2024, investment balance reflects a decrease of about \$3,000 from the December 31, 2023, balance. The US Bank investment balance as of February 29, 2024, was \$582,000 or an increase of \$13,000 from the January 31, 2024, balance.

The estimated reserve fund balance of almost \$1,060,000 as of January 31, 2024, compares favorably to the minimum reserve balance as of December 31, 2023, of \$551,900. While the January 31, 2024, balance is well above the minimum balance, as we discussed under the swimming pool replacement funding topic, we will spend this entire balance to fund the new pool.

d. Reinvest Edward Jones Investments

Three Certificates of Deposit mature in March. A CD, with a matured value of \$67,000, matured on March 6, 2024. Another CD, with a matured value of \$70,000, matured on March 15, 2024. Finally, the third CD, with a matured value of \$70,000, matures on March 21, 2024. After a discussion at our February meeting, the Finance Committee agreed to recommend to the Board, and the Board approved, that the CDs maturing in March 2024 should be reinvested in 9-month treasury bills or CDs, whichever is more advantageous at the time. Stacey reported that the CDs that matured on March 6, 2024, and March 15, 2024, were both reinvested into 9-month CDs at a rate of 5.337%. Stacey also reported that she was working with Edward Jones regarding the reinvestment of the CDs that matured on March 21, 2024. At our February meeting, the Finance Committee agreed to recommend to the Board, and the Board approved, 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. Stacey reported that she is working with Old National Bank and Edward Jones regarding the investment of \$250,000. She also reported that Old National and Edward Jones prefer that such transfers be done electronically now, rather than by writing a check. However, Old National has a limit of \$100,000 per day so the \$250,000 will be transferred over 3 days.

3. Update On Funding for Current Swimming Pool Replacement Options

Tom discussed the March 14, 2024, community pool meeting handout regarding pool funding options. The three options discussed were:

- a. 15% increase in 2025/2026 reserve assessments
- b. 15% increase in 2025/2026 reserve assessments with \$200,000 loan
- c. 25% increase in 2025/15% increase in 2026 reserve assessments

All three options include moving some reserve withdrawals forward 2 years.

Option #1: This was Tom's original funding suggestion. It funds the new pool without any loans or special assessments. The main negative with this option is that there is no cushion for unexpected costs unless we have excess earnings in 2024 and/or 2025 in the operating fund and/or reserve fund, or reductions in reserve withdrawals for 2024-2025 while completing all necessary maintenance.

Option #2: This option uses a \$200,000 bank loan to provide us with a cushion while only increasing overall assessments per unit for the period 2024-2036 by about \$40-\$60. This means that each owner only pays the \$40-\$60 more in reserve assessments over a 12-year period. This is about \$4-\$5 more on average per year. The Committee discussed the use of a line of credit rather than a loan.

Option #3: This option increases reserve assessments by 25% in 2025 which results in another maximum 10% increase in the AMA. Over the 12-year period from 2024-2036, this option results in the lowest amount of reserve assessments that each unit will pay and provides a little larger cushion. While the cumulative effect of options #1 and #2 go down by pennies each year from 2027-2036, the cumulative effect of option #3 goes down from \$3 to \$6 each year. As a result, the cumulative effect of funding the new pool will be less than \$2.40 per month in 2036. The problem with this option is that the increase in reserve assessments in 2025 is almost twice as much as either option #1 or #2, and the increase in reserve assessments in 2026 are 1 1/2 times the increases under options #1 or #2. As a result, each owner must pay more up front and wait until 2036 before the total assessments paid are less under option #3 than the other two options.

After a discussion, the Finance Committee agreed to inform the Board that subject to current information regarding the cost to replace the pool, the committee supports Option #2. We also discussed getting advice from CAI on borrowing options.

Action Item: The Finance Committee supports, subject to current information regarding the cost to replace the pool, paying for the pool under Option #2 with either a bank loan or line of credit, whichever is most favorable to Tamarack.

4. Association Manager's Report

Stacey reported that:

- a. She was working with Chris Heying and Lindsey Luedtke of US Bank to move Tamarack's investments from the Private Wealth Management division to the Wealth Management division as approved by the Board at its February 27, 2024, meeting.
- b. The 2023 audit will take place on April 10-12, 2024.
- c. We just received \$2,700.00 from our Worker's Compensation Insurance.

5. Other

We discussed the possibility of moving the day of our meetings so as not to conflict with the exercise class on Wednesdays at 3pm. We deferred any discussion to a future meeting.

Next Meeting – April 17, 2024 @ 3pm