

**TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, SEPTEMBER 20, 2023**

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

1. Meeting Minutes Approval

The minutes from the July 19, 2023, and August 16, 2023, meetings were approved as written.

2. Unaudited July and August 2023 Financial Reports

The August 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 July 2023 Financial Report:

- a. Handout July Financial Report. Appfolio format converted to Excel format. See footnotes.
- b. July Account #10520, Edward Jones Investments – Operating amount is the money market investments. Reserve amount are CDs or T-Bills.
- c. July Accounts #61110-61140, Building/Trails Maint Wages and Benefits – Behind due to no Supervisor until June and no staff starting about July. Will make up because of the higher wage rate being paid to Rollie.
- d. July Account #70500, Asphalt – Asphalt work completed on first phase of Oak Creek. The remaining amount will be shown in the August financial report.
- e. July Account #70700, Capital Improvements-Maint Bldgs – Replacement of garage doors previously authorized by the Board.
- f. July Account #73350, Painting – 2023 budget work has been completed at a cost of \$57,500 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 July 2023 income statements, the Reserve Fund Balance is estimated to be a little over \$1 million, an increase of \$219,000 from the June 30, 2023, balance. This is mostly due to the transfer of CDs and T-Bills held in Edward Jones. The July 31, 2023, balance consists of the US Bank investment balance of \$553,000, Edward Jones investments of \$204,700, and cash and other net assets estimated as \$253,700. However, the unspent carryover of 2022 budgeted spending for the swimming pool amounting to \$122,850, reduces this amount to \$888,600.

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 July 31, 2023, balance is well above the minimum balance as of December 31, 2023, this is deceptive. This balance reflects only 35% of the budgeted 2023 Reserve Fund spending. In addition, 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.

3. Edward Jones Investment Renewals

The 6-month treasury bills with a maturity value of \$67,000 and a maturity date of August 31, 2023, were reinvested in 6-month CDs at Edward Jones. Since CDs interest rate at that time was 5.35% and the T-Bill interest rate was 5.20%, the decision was made to switch to CDs. The 3-month CDs with a maturity value of \$69,000 and a maturity date of September 5, 2023, were reinvested in 3-month CDs at Edward Jones. Since CDs interest rate at that time was 5.35% and the T-Bill interest rate was 5.02%, this decision was again made to reinvest in CDs.

4. Draft 2024 Annual Budget Review

The following documents were distributed to the Finance Committee members:

- a. 2024 Budget Spreadsheets – (i) Operating Expenses, (ii) Reserve Withdrawals, (iii) Income, (iv) Operating Budget, and (v) Reserve Budget.
- b. 30-year Reserve Spreadsheet – (i) \$1 million pool, (ii) \$500k pool, and (iii) \$750k pool.
- c. Budget documents – (i) Tamarack Trails 2024 Budget Report, (ii) Tamarack Trails 2024 Budget at a Glance, and (iii) Primer on Tamarack Trails Assessments.

Until we know more about the size and cost of the pool replacement, the Budget Report reflects a pool replacement of \$750k.

Since many of the Finance Committee members were on the Budget Committee, no changes were suggested to the draft budget. Until the uncertainty surrounding the pool and structural wood rot is resolved, prudent reserve funding requires special consideration. Toward that end, this 2024 budget proposes a 10% increase in the 2024 AMA, which is as much as Tamarack's Restated Declaration permits without a special vote of all residents. The average annual increase in the AMA over the last four years is 5%. As a result, the bottom line for the 2024 budget is that the average monthly assessment (AMA) will increase \$42 (10.0%) from \$426 (2023) to \$468 (2024). The operating budget accounts for \$18 of the AMA increase and the budgeted contribution to the reserve fund accounts for the remaining \$24.

5. Association Manager's Report

Stacey discussed the following topics:

- a. Wood rot – The replacement of the wood rot at 9 Mountain Ash will start on September 27th.
- b. Swimming pool – We still only have one quote on the pool replacement.

6. Other

Next Meeting – October 18, 2023, time to be determined.