

APPROVED
TAMARACK TRAILS
FINANCE COMMITTEE MEETING MINUTES
WEDNESDAY, September 18, 2024

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

1. Meeting Minutes Approval

One minor revision was proposed for the August 21, 2024, meeting minutes. On page 2, paragraph 1, line 3, the word “moving” was removed. August 21, 2024, meeting minutes were then approved as revised.

2. Unaudited July 2024 Financial Reports

The August financial report was not available to review in time for this meeting. I will send it out to everyone when it is available.

As of August 31, 2024, the balance in the US Bank was \$629,000, an increase of \$13,000. As of the same date, the balance in the Edward Jones account was \$602,700, an increase of \$1,600.

The 30-year spreadsheet shows that \$150,000 will be transferred from the operating fund to the reserve fund this year to help fund the pool. The Edward Jones money market account in the operating fund amounts to about \$132,000 as of July 31, 2024. The committee discussed recommending to the Board that these money market funds plus an additional \$18,000 in operating cash should be transferred from the operating fund to the reserve fund.

Action Item: The Finance Committee recommends that the Board approve transferring operating funds amounting to about \$132,000 in the Edward Jones money market account plus an additional \$18,000 in operating cash from the operating fund to the reserve fund.

3. Swimming Pool Financing Update

After transferring the operating fund Edward Jones money market funds to the reserve fund, the reserve fund will have investments totaling just under \$1,232,000 at the end of July 2024. We received a response from one of the three banks we contacted indicating they will agree to loan Tamarack \$600K. The response from the bank is confusing and we need to talk with them to see how our reserve funds meet their requirements. We are

setting up a call next week to discuss this. Responses from the other two banks have requested more information.

In addition, we just received our first bill from Badger Swimpools for \$615,692.15. The bill indicates that the remaining balance on the pool is \$494,300. According to Badger, this will be the only bill we will receive this year. Since we have not finalized any loans or lines of credit, two options for making the first payment are:

- a. Use the Edward Jones funds amounting to \$602,700 at the end of July. This would require us to cash in two CDs that mature in December of this year. We do not expect that there will be much of a penalty to cash in these CDs early. In addition, we could cover the remaining amount by using some of the operating cash we transfer from the operating fund.
- b. Cash in our investments at US Bank. This would mean that we would have to recognize a capital gain in our 2024 federal tax return filed in 2025. We would also need to adjust the 2025 budget.

After a discussion, the Finance Committee decided to recommend to the Board that it approve financing the recent bill from Badger Swimpools using the Edward Jones investments plus operating cash transferred from the operating fund.

Action Item: The Finance Committee recommends that the Board approve financing the recent bill from Badger Swimpools using the Edward Jones investments plus operating cash transferred from the operating fund.

4. Draft 2025 Annual Budget Review

The following documents were distributed to the Finance Committee members:

- a. 2025 Draft Budget Spreadsheets – (i) Operating Expenses, (ii) Reserve Withdrawals, (iii) Income, (iv) Operating Budget, and (v) Reserve Budget.
- b. 30-year Reserve Spreadsheet

Each section of the draft budget was reviewed. The operating budget was increased by \$3,000 in relation to workers' compensation (WC) premiums. Rural Mutual premiums for WC decreased by \$3,000 in 2025. The assumption is that this is due to staff vacancies. Now that we have a full staff and our staff is being asked to do more difficult work, any audit of Tamarack's WC program may result in being billed for higher risk versus getting refunds as we have in recent years. One suggestion discussed was not to reflect the decrease in premiums for 2025, increasing the budget by \$3,000. Another option discussed was to transfer the refunds we received in 2024 to the Contingency Fund to cover any increased billings in 2025. So far in 2024, we have received refunds totaling \$5,700. The finance committee decided not to reflect the decrease in premiums for 2025, increasing the operating budget by \$3,000. In addition, the committee discussed recommending that the Board approve a transfer of WC refunds received so

far in 2024 from Operating Cash to the Contingency Fund. No money has been transferred to the Contingency Fund in many years and it was determined that this is an excellent opportunity to at least transfer the \$5,700.

Action Item: The Finance Committee recommends to the Board that it approve transferring WC refunds received so far in 2024, amounting to \$5,700, from operating cash to the Contingency Fund.

After this one revision, the draft budget reflects an increase in budgeted operating expenses of \$16,200 and an increase in operating assessments of \$9,200. This is an increase of 0.5% in the AMA, an increase of \$2.40. The increase is made up of the following:

The decrease in wages and benefits amounted to \$20,400.

- a. This reflects a 7% increase in health and dental premiums. This is an increase of about \$4,000. These percentages may need to be revised when final health and dental insurance costs are received.
- b. One of the maintenance techs does not take health and dental insurance. Unless something changes, he is not expected to. In the past, we included the entire amount in the budget. There are three options: (1) include 100% of his costs; (2) include 0% since he currently does not take the insurance; or (3) include 50% in case something changes during the year. The budget committee decided on the 50% option. This saves about \$5,500.
- c. Budgeted hours for seasonal ground staff were reduced from 700 to 400. This is based on historical numbers. This is a saving of about \$12,000.
- d. Maintenance staff costs allocated to reserve funds were changed from 20% to 25%. This results in a decrease of \$11,400 in operating expenses.
- e. Wage changes resulted in a net increase of about \$4,500.

Rural Mutual premiums reflect an increase of \$26,200. This is about \$21,000 lower than premiums were three years ago with about \$23M more in property coverage. Maintenance and grounds contracts are budgeted to increase by almost \$11,000. Other operating expenses decreased by about \$3,600.

The reserve fund for 2025 reflects the following:

- a. A 15% increase in assessments to attempt to balance the reserve fund after the cost of the new pool and a net increase in budgeted withdrawals. This resulted in a 4.8% increase in the AMA, an increase of \$22.30.
- b. A line of credit or loan of \$600k with interest expense to help pay for the cost of the new pool.
- c. Withdrawals of \$1.32M, an increase of \$103,000. Changes to reserve withdrawals were due to the following:
 - i. Loan principal and interest payments amounting to about \$141,000.
 - ii. The higher costs to replace decks, an increase of about \$47,000.

- iii. The higher cost for concrete, an increase of \$27,000
- iv. Increasing the allocation for maintenance wages and benefits to the reserve fund from 20% to 25%, an increase of \$11,400.
- v. Decrease in the costs related to the pool of \$65,000 due to over 50 percent of the total pool costs being paid in 2024.
- vi. Decrease in the costs for asphalt from phase two to phase three of Oak Creek Trail, a decrease of \$45,000.
- vii. Decrease in the cost to replace the northeast perimeter fence, moving the replacement back two years due to the pool, a decrease of \$36,000. The maintenance staff should be able to complete any repairs needed on the fence in the next two years.
- viii. Decrease in the cost to replace chimney caps due to more units not using the chimneys due to venting furnaces and fireplaces out the side of the units, a decrease of \$12,000.

As a result, the draft budget represents an overall 5.3% increase in the AMA, or \$24.70. The AMA is currently around \$468. Attached are the budget documents that support this increase. Dave, with help from Don Haasl, Larry, and me, will work together to develop the handouts for the Budget Hearing, which is scheduled for Thursday, October 10th.

Work Order Billings

As part of the committee's budget discussion, Stacey expressed her thoughts that in 2025, we should increase the cost per hour for staff maintenance labor on construction and remodeling work order billings from \$50.00 to \$75.00. Grounds labor is also at \$50.00 per hour. Stacey supports increasing this to \$60.00 per hour. Based on what we are paying staff, the increased cost of benefits, insurance equipment, etc., Stacey believes this is still much cheaper than what it would cost if a contractor were hired. At the current \$50.00 per hour, the committee agrees with Stacey that Tamarack is losing money when everything is factored in. This would apply to Account #43000 Work Order Invoice Income.

After the discussion, the committee agreed with Stacey's recommendations and approved a motion recommending to the Board that it approve increases in hourly rates for staff maintenance labor on construction and remodeling work order billings.

Action Item: The Finance Committee recommends that the Board approve increasing the costs per hour for maintenance labor on construction and remodeling work order billings to \$75.00 and \$60.00 for staff grounds labor.

5. Maintenance Responsibilities of the Association and Home Owner - Decks

The Finance Committee discussed the Maintenance Committee's motion regarding Policy Resolution No. V-501, Maintenance Responsibilities of the Association and Home Owner, as it relates to decks. Policy Resolution No. V-501 as modified by the Maintenance Committee provides that:

- a. If a deck is failing structurally, at no cost, Tamarack will replace the decking with Cedartone-treated decking. The owner can upgrade to Azek decking by covering half of the cost of the materials. The Maintenance Committee's motion requires the owner to pay for the entire difference between wood and composite material.
- b. Tamarack shall be responsible for the maintenance, repair, and replacement of the wood joists, decking, and railings to ensure a deck's structural integrity. As can be seen, Tamarack is only responsible for wood joists, decking, and railings. The written policy does not cover stairs. The Maintenance Committee's motion does not address stairs.

In its discussion, the Finance Committee's position was that the incremental cost of composite material should be split 50/50 between Tamarack and the owner, the current written policy. In addition, the committee's position was that Tamarack should comply with the written policy by having the owners pay to rebuild deck stairs. Rather than having the Board address two competing motions, it was believed that the Board's discussion of the Maintenance Committee's motion could address the Finance Committee's positions on who pays for composite decking and who pays for the replacement of stairs.

6. Association Manager's Report

Stacey updated the committee on the following:

- a. Reserve Study -Completed last week. As expected, the roof replacement schedule appears to be an issue again. A new issue is the replacement of hydrants.
- b. A spreadsheet showing information on all decks in Tamarack was completed after Rich measured all decks.
- c. Phase two asphalt and concrete work on Oak Creek should be completed this week if the weather cooperates.

7. Other Business

The agenda for the October committee meeting will include a discussion on committee membership status for next year, the draft 2025 budget before the annual meeting, and the calculation of assessments for 2025.

Next Meeting – October 16, 2024 @ 3 pm