

AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
MINUTES OF THE OPEN MEETING

Wednesday, May 22, 2013
Sixteenth Meeting of Fiscal Year 2012-2013

Board Members: All present
Staff present: Tim Munch, Jeff Adams

1. CALL TO ORDER

- Stephanie Prunty called the meeting to order at 6:30 pm, at the Golden Age Center

2. PROPOSED BUDGET –

A. Background – Tim Munch

- Manager presented history of FHA “blanket” approval for ATCA
- role insurance now plays in maintenance and condition of the property
- combination of FHA and insurance requirements lead to a review of the entire budget and the “reserve projection” of our estimate of capital costs over the next 10 years
- proposed changes are needed to keep ATCA eligible for lowest possible insurance rates, and to regain FHA approval (we were just notified that we are not renewed due to our reserve account status, but we can re-apply)
- regardless of where you go to borrow money to purchase a home/condo, the lender is governed by FHA requirements, because FHA has to guarantee the loans
- the present proposed reserve budget will have to be reviewed each year, and may have to be revised, depending on weather/events

3. “OPEN MIKE”, OWNER QUESTIONS –

- Q: Instead of increasing the reserves, can't we just have special assessments, so we can use our “loss assessment coverage” on our homeowner's policy?
A: No, because your insurance will not pay you for an assessment unless the assessment is the result of a “loss” – that means some type of damage from a storm, or fire, etc.

- Q: Well, then can't we say the assessment is to make up for Katrina?
A: No, because we collected insurance money from Katrina and did not have an assessment. You also cannot collect under your "loss assessment" coverage to pay for our deductible.
- Q: The title says "Proposed Adopted"; is it "proposed" or is it already "adopted"?
A: Nothing has been adopted; it is only proposed at this time.
- Q: Next year when we get the proposed budget, can we also get a variance report?
A: Yes, we get a variance report each month, and we can distribute the year-to-date report with the proposed budget.
- Q: How long do we have to pay the reserve portion?
A: It will be reviewed each year, and will depend on our financial status and whether we have had to use reserve funds to repair damage from a storm.
- Q: Can we buy deductible insurance?
A: Yes, but for our \$1.45 million deductible, the premium would be at least \$100,000 per year, and that would have to be added into the operating account budget.

4. BUDGET PRESENTATION – Teva Ostarly

A. Reserve Budget –

- proposal calls for a separate budget for the reserve account
- refer to chart handed out with packet to see how much per year is proposed to be funded into reserves, and how that money is expected to be spent over the next 10 years
- reserve chart shows events and costs that we anticipate we will have during the next 10 years

B. Operating Budget –

- operating budget now has less than last year, primarily because funding for street repairs and money for the reserve account are now in the "reserve" portion of the budget
- we had been putting \$24,000 per year for reserves in the operating budget; that money is now in the "reserve" portion

C. How to Calculate Monthly Dues –

- you will only submit one check per month
- once budget is approved, and assuming the Board approves this proposal, your monthly dues will be a combination of your “reserve” payment + your “operating” payment = one monthly dues payment
- questions and comments from owners regarding the budget and costs

5. ADJOURN –

- the meeting was adjourned at 7:55 pm
- next Board meeting is scheduled for Wednesday, May 29, 2013, at 6: 30 pm at Unit 2704

Submitted for publication on the 28th day of May, 2013.

/s/ Linda S. Harang
Linda S. Harang, Board Secretary
Unit 602