

**AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
AGENDA OF THE BOARD OF DIRECTORS**

JUNE 02, 2023

Location: UNIT 2704

I. Meeting called to order by Tina Jumonville at _____ p.m.

Board Members Present:

Management Present:

II. Approval of the Agenda

III. Old Business

A. Budget Discussion - Buydown

VI. Comments and Announcements

VII. Adjournment

Next meeting date: June 7, 2023

**AUDUBON TRACE CONDOMINIUM ASSOCIATION, INC.
MINUTES OF THE BOARD OF DIRECTORS
FRIDAY, JUNE 2, 2023**

BUDGET DISCUSSION

I. **Meeting called to order** by Board President, Tina Jumonville, at 5:31pm in Unit 2704.

Board Members Present: Stephanie Prunty, Pat Williamson, Gary Vincent, Tina Jumonville and Sawese Bugbee.

Board Member(s) Absent: Al Lafaye (proxy given to Stephanie Prunty), Pat Traina (no proxy).

Management Present: Tim Munch, Property Manager

II. **Approval of the Agenda.** Board unanimously approved the Agenda.

III. **Old Business**

A. **Budget Discussion – Buydown** – Stephanie Prunty opened discussion with an explanation of a draft of a letter to be sent to all homeowners explaining the obstacles the 2023-2024 operating budget has to overcome: insurance increase and the federal law mandating condo financing with Fannie Mae, Ginnie Mae, Freddie Mac, and FHA requiring a 5% deductible for wind and hail coverages. After an in-depth discussion of the two options available, the Board agreed that Option 2 was the best option. Letter and back-up documents are attached and will be discussed at the Open/Budget Meeting on June 7, 2023.

IV. **Comments and Announcements** – nothing at this time.

V. **Adjournment** – Stephanie Prunty moved to adjourn at 6:30pm. Tina Jumonville seconded. Unanimously passed.

Next regular Board Meeting: **June 7, 2023.**

Sawese Bugbee

(Electronically signed)
Sawese Bugbee, Board Secretary, Unit 207

**AUDUBON TRACE CONDO ASSOCIATION
4117 JEFFERSON HIGHWAY
JEFFERSON, LA 70121**

May 31, 2023

Dear Owners,

The proposed 2023-2024 operating budget has two obstacles to overcome. As you know our current property insurance premium experienced an increase of \$333,657. Another problem that has arisen in the past week is notice from lenders that a federal law was passed and adopted in January of 2023. It mandates that any condo financing with Fannie Mae, Ginnie Mae, Freddie Mac and FHA require a 5 % deductible for wind and hail coverages. This affects conventional financing since most lenders sell their mortgages to the above federal entities. We currently have a 10% wind and hail deductible which effectively removes all financing for our units with the exception of cash sales and some adjustable rate mortgages. Therefore, we are required to purchase the deductible buy down insurance to enable our units to be purchased and sold at a competitive price and value. That premium is \$195,000. Those two costs combined total \$538,657. This is almost 45% of our current budget. No amount of cost cutting will allow for this increase to be paid from our current HOA fees.

There are basically two options:

Option 1: This option places both the insurance cost increase and the buy down deductible premium as an operating expense and part of our HOA fee calculation. This will increase our dues by 51%. For many the HOA fees will be higher than their mortgage. This will have a chilling effect on sales and hurt those trying to sell their units at a fair price. Additionally, these cost increases are due to the instability in the insurance market. People are working to expand the insurance market and things may be very different next year. We have no guarantee but if history is any indication options and premiums should improve.

Option 2: This option combines these two increases that total \$538,657 into a short-term assessment. This amount is about 45% of the Ida assessment. Unfortunately it is not covered under your loss assessment coverage because it is not related to a casualty. We would allow three months to pay the assessment. Owner could pay all or part without incurring any penalties or interest provided the total is paid in ninety days of the assessment date. Individual cases will be addressed on a case by case method. The dues would have a modest ten percent increase which would increase our reserve allocation from \$175,000 to \$300,000 per year. This allows our dues to remain relatively the same. It allows units to remain marketable for those who wish to sell their condos. It allows another 12 months to go by and we can see what happens to the insurance market. If things are unchanged most likely another short-term assessment would be required but we would be increasing our reserves at a faster pace

**AUDUBON TRACE CONDO ASSOCIATION
4117 JEFFERSON HIGHWAY
JEFFERSON, LA 70121**

May 31, 2023

No one is responsible for this issue and no one is happy about the increased costs. It affects all of us. This is a brief explanation. It hopefully gives you as an owner some insight into the issues prior to the June open/budget meeting. Thank you.

Audubon Trace Board of Directors.

TOTAL	261,822.53	113,433.21	113,661.21	119,761.18	1,218,716.13	1,037,038.05	1,615,693.05
NET	(61,001.97)	(113,433.21)	(113,661.21)	(119,761.18)	(135,855.17)	RESERVE ALLOC	300,000.00
		APRIL - JUNE PROP INS INCREASE			83,415.00	RESERVE ALLOC	300,000.00
		OPERATIONAL COVERAGES			52,440.00		
					135,855.00		

OPTION 2

SCHEDULE OF PERCENTAGE INTEREST AND OBLIGATION											\$1,387,036.05
OPERATING BUDGET FOR JULY 1, 2023 - JUNE 30, 2024											
UNIT	# OF	UNIT NUMBERS						SO. FT.	Total	PERCENT	MONTHLY
TYPE	UNITS						AREA	Sq. Ft.	INTEREST	CONDO FEE	
A-I	26	102	902	1003	1104	2601	2606	1330	34580	0.392	\$453.10
		103	903	1004	2002	2602					
		104	904	1101	2003	2603					
		105	1001	1102	2004	2604					
		106	1002	1103	2005	2605					
A-II	4	101	901	1105	2001			1350	5400	0.398	\$460.03
B-I	2	205	206					1242	2484	0.366	\$423.05
B-II	50	201	1204	1605	1806	2207	2406	1288	64400	0.379	\$438.07
		202	1205	1606	1807	2208	2407				
		203	1206	1607	1808	2209	2408				
		204	1207	1608	2201	2210	2409				
		207	1208	1801	2202	2401	2410				
		208	1601	1802	2203	2402					
		1201	1602	1803	2204	2403					
		1202	1603	1804	2205	2404					
		1203	1604	1805	2206	2405					
C-I	24	303	405	704	1502	1702	2505	1572	37728	0.463	\$535.16
		305	501	707	1503	2301	2701				
		401	601	804	1504	2302	3104				
		404	604	1501	1701	2502	3105				
C-II	25	301	701	1302	1903	2702		1642	41050	0.484	\$559.44
		302	705	1401	1904	2703					
		304	706	1404	2103	2704					
		406	803	1405	2104	2801					
		502	1301	1406	2501	3103					
D-I	6	402	703	801	1703	2503	2802	1935	11610	0.570	\$658.84
D-II	20	403	603	1403	2101	2504		2005	40100	0.591	\$683.12
		503	702	1704	2102	2803					
		504	802	1901	2303	3101					
		602	1402	1902	2304	3102					
E	28	2921	3022	3223	3324	3521	3922	1630	45640	0.480	\$554.81
		2922	3023	3224	3421	3522	3923				
		2923	3024	3321	3422	3523	3924				
		2924	3221	3322	3423	3524					
		3021	3222	3323	3424	3921					
F	28	2911	3012	3213	3314	3511	3912	1018	28504	0.310	\$358.32
		2912	3013	3214	3411	3512	3913				
		2913	3014	3311	3412	3513	3914				
		2914	3211	3312	3413	3514					
		3011	3212	3313	3414	3911					
G	12	3611	3613	3711	3713	3811	3813	1078	12936	0.317	\$366.41
		3612	3614	3712	3714	3812	3814				
H	12	3621	3623	3721	3723	3821	3823	1230	14760	0.362	\$418.42
		3622	3624	3722	3724	3822	3824				

OPTION 1

SCHEDULE OF PERCENTAGE INTEREST AND OBLIGATION											\$1,915,693.05
OPERATING BUDGET FOR JULY 1, 2023 - JUNE 30, 2024											
UNIT	# OF	UNIT NUMBERS						SO. FT.	Total	PERCENT	MONTHLY
TYPE	UNITS						AREA	Sq. Ft.	INTEREST	CONDO FEE	
A-I	26	102	902	1003	1104	2601	2606	1330	34580	0.392	\$625.79
		103	903	1004	2002	2602					
		104	904	1101	2003	2603					
		105	1001	1102	2004	2604					
		106	1002	1103	2005	2605					
A-II	4	101	901	1105	2001			1350	5400	0.398	\$635.37
B-I	2	205	206					1242	2484	0.366	\$584.29
B-II	50	201	1204	1605	1806	2207	2406	1288	64400	0.379	\$605.04
		202	1205	1606	1807	2208	2407				
		203	1206	1607	1808	2209	2408				
		204	1207	1608	2201	2210	2409				
		207	1208	1801	2202	2401	2410				
		208	1601	1802	2203	2402					
		1201	1602	1803	2204	2403					
		1202	1603	1804	2205	2404					
		1203	1604	1805	2206	2405					
C-I	24	303	405	704	1502	1702	2505	1572	37728	0.463	\$739.14
		305	501	707	1503	2301	2701				
		401	601	804	1504	2302	3104				
		404	604	1501	1701	2502	3105				
C-II	25	301	701	1302	1903	2702		1642	41050	0.484	\$772.66
		302	705	1401	1904	2703					
		304	706	1404	2103	2704					
		406	803	1405	2104	2801					
		502	1301	1406	2501	3103					
D-I	6	402	703	801	1703	2503	2802	1935	11610	0.570	\$909.95
D-II	20	403	603	1403	2101	2504		2005	40100	0.591	\$943.48
		503	702	1704	2102	2803					
		504	802	1901	2303	3101					
		602	1402	1902	2304	3102					
E	28	2921	3022	3223	3324	3521	3922	1630	45640	0.480	\$766.28
		2922	3023	3224	3421	3522	3923				
		2923	3024	3321	3422	3523	3924				
		2924	3221	3322	3423	3524					
		3021	3222	3323	3424	3921					
F	28	2911	3012	3213	3314	3511	3912	1018	28504	0.310	\$494.89
		2912	3013	3214	3411	3512	3913				
		2913	3014	3311	3412	3513	3914				
		2914	3211	3312	3413	3514					
		3011	3212	3313	3414	3911					
G	12	3611	3613	3711	3713	3811	3813	1078	12936	0.317	\$506.06
		3612	3614	3712	3714	3812	3814				
H	12	3621	3623	3721	3723	3821	3823	1230	14760	0.362	\$577.90
		3622	3624	3722	3724	3822	3824				

SCHEDULE OF PERCENTAGE INTEREST AND OBLIGATION										ASSESSMENT	\$528,657.00
OPERATING BUDGET FOR JULY 1, 2023 - JUNE 30, 2024											
UNIT	# OF	UNIT NUMBERS						SO. FT.	Total	PERCENT	MONTHLY
TYPE	UNITS							AREA	Sq. Ft.	INTEREST	CONDO FEE
A-I	26	102	902	1003	1104	2601	2606	1330	34580	0.392	\$172.69
		103	903	1004	2002	2602					
		104	904	1101	2003	2603					
		105	1001	1102	2004	2604					
		106	1002	1103	2005	2605					
A-II	4	101	901	1105	2001			1350	5400	0.398	\$175.34
B-I	2	205	206					1242	2484	0.366	\$161.24
B-II	50	201	1204	1605	1806	2207	2406	1288	64400	0.379	\$166.97
		202	1205	1606	1807	2208	2407				
		203	1206	1607	1808	2209	2408				
		204	1207	1608	2201	2210	2409				
		207	1208	1801	2202	2401	2410				
		208	1601	1802	2203	2402					
		1201	1602	1803	2204	2403					
		1202	1603	1804	2205	2404					
		1203	1604	1805	2206	2405					
C-I	24	303	405	704	1502	1702	2505	1572	37728	0.463	\$203.97
		305	501	707	1503	2301	2701				
		401	601	804	1504	2302	3104				
		404	604	1501	1701	2502	3105				
C-II	25	301	701	1302	1903	2702		1642	41050	0.484	\$213.22
		302	705	1401	1904	2703					
		304	706	1404	2103	2704					
		406	803	1405	2104	2801					
		502	1301	1406	2501	3103					
D-I	6	402	703	801	1703	2503	2802	1935	11610	0.570	\$251.11
D-II	20	403	603	1403	2101	2504		2005	40100	0.591	\$260.36
		503	702	1704	2102	2803					
		504	802	1901	2303	3101					
		602	1402	1902	2304	3102					
E	28	2921	3022	3223	3324	3521	3922	1630	45640	0.480	\$211.46
		2922	3023	3224	3421	3522	3923				
		2923	3024	3321	3422	3523	3924				
		2924	3221	3322	3423	3524					
		3021	3222	3323	3424	3921					
F	28	2911	3012	3213	3314	3511	3912	1018	28504	0.310	\$136.57
		2912	3013	3214	3411	3512	3913				
		2913	3014	3311	3412	3513	3914				
		2914	3211	3312	3413	3514					
		3011	3212	3313	3414	3911					
G	12	3611	3613	3711	3713	3811	3813	1078	12936	0.317	\$139.65
		3612	3614	3712	3714	3812	3814				
H	12	3621	3623	3721	3723	3821	3823	1230	14760	0.362	\$159.48
		3622	3624	3722	3724	3822	3824				

ATCA Budget Committee
2022-2023 Term
Third Meeting
Tuesday, May 30, 2023, 6:00 pm
Unit 2701

Members Present

Jason Calmes (603)
Rodney Lenfent (1608)
Teva Ostarly (2701)
Chris Sherwood (3624)

Members Absent

Stephanie Prunty (2704), Chair, Board Member

Others Present

Tim Munch, Property Manager

Actions

Stephanie to present Revised Draft Budget and Recommendations to Board at upcoming Board Meeting

Next Meeting

None Planned

Call to Order: 6:07 pm by Teva Ostarly.

Teva presented two Revised Draft Budget options. The revisions were necessitated by a new regulations governing the sale of mortgages to government buyers that require a 5% Named Storm Deductible maximum for condominiums. This makes it a necessity to purchase the additional insurance policy for about \$195000 to cover from the 5% to the 10% level of the already purchased policy. To be clear, there was no lower deductible offered by the insurer. Eagan insurance is shopping for more favorable terms for the additional policy. Any savings would result in an additional small revision to the budget but would not require another Budget meeting.

As the insurance policy with significantly higher premium and the additional policy are both purchases from the 2022-2023 fiscal year, the overage is charged against reserves, leaving reserve level and allocation inadequate for entering hurricane season, paying for the 2024-2025 policy, and other accruals for future expenses, such as the looming step replacement. Thus, reserve levels need to increase independent of operations for 2023-2024.

One budget option is to increase condo fees by over 50%. This would improve reserve levels by the end of the budget year but would not improve cash levels appreciably during hurricane season requiring significant finance charges through the year.

The other budget option is to increase condo fees approximately 10% to improve reserve allocation in the long-term and issue an assessment to improve reserve levels in the short term. As each Board can only assess during this term, this Board would have to either assess the full amount, over \$500,000, with an average assessment of over \$2,000 and some over \$3,000 by June 30. A more palatable option would be to issue a small or no assessment and recommend the next Board issue the assessment, to be collected by the middle of hurricane season.

Discussion was primarily on the options and staff costs.

- ATCA is down to two staffers. One staff member recently quit due to receiving a job offer with improved pay and benefits. Thus, staff costs will be reduced while a replacement is sought or potentially through the year if a replacement is not sought. With reduced staff, work will slow down. To improve speed with reduced staff, contractors could be hired. Exploratory bids were received during the staff members 2-week notice period. The cost of labor for painting four buildings, as has been typical in recent years, significantly exceeds the cost of paying ATCA workers. This did not include the labor for carpentry and other ATCA staffer tasks that Owners, the Board, and Management value, such as pressure washing, cleaning gutters, and other miscellaneous tasks. The Board and Management will have to determine how to handle staffing in this market, as such considerations are beyond the scope of the Budget Committee.
- Employee benefits were discussed, particularly the idea of shifting some of the costs of healthcare benefits to the staff. Currently, 100% of the 2 staff members' health care

premiums are covered by ATCA. These policies are only for the workers. Family members and others can not be added. Shifting the cost to workers will effectively reduce their salary. Increasing salaries to compensate the workers for the shift will burden ATCA with increased payroll taxes. Therefore, the shift will either dock the employees' pay, cost ATCA more, or both. Additionally, staff wages have largely remained flat over time. This will require increasing salaries and an increasing payroll tax burden. It is, therefore, cheaper, to compensate the workers through the current benefit structure. The situation can be explored in more detail in the coming fiscal year.

- The two budget options both result in the same cost to Owners over the course of the 2023-2024 fiscal year. The increased condo fee option actually allows Owners to pay the money over the longest possible time frame. However, it leaves the Association with a cash problem. It also could have a chilling effect on buyers from outside Audubon Trace. Condo fees approaching \$1000/month at the high end can give the impression that this will persist and only go up. On the contrary, large increases are often followed with a series of decreases to a middle ground. Thus, the modest increase with an assessment gives the best impression to buyers and helps ATCA with its cash levels.
- The most recent assessment was for Ida. That assessment was significantly more, but it was also pursuant to a loss. Many Owners would then receive relief due to the Loss Assessment provision in their insurance if they had one. This assessment would not be eligible for such coverage. For that assessment, several months were given, and individual Owners worked with Management on a case-by-case basis when that schedule was burdensome. It was indicated that only a few Owners took advantage of extensions and that no one was penalized for such extensions. Many understood the need for the assessment.
- The most recent condo fee increase was for over 10%. This increase was met with praise by many who understood the rising costs could no longer be offset by things like increasing use of LED lights and other cost savings. A similar increase in similar conditions should be considered unreasonable.
- Insurance is an operating cost. The cost of insurance will be accurately reflected as such. The reason the reserves were charged was that the estimate from June 2022 fell short of the unprecedented increase due to market and regulatory changes. As this market is unstable and the subject of lawsuits, trying to estimate that cost is error prone, and over-estimates may result in over-collection of condo fees, which is something to be avoided. The approach of increasing reserves to prepare for dealing with the insurance market in March - June 2024 while paying for the increased cost in 2022-2023 is a reasonable plan.

The Committee finds both options acceptable but recommends the approximately 10% increase with the assessment ahead of the over 50% increase in condo fees.

Teva Ostarly motioned to adjourn the meeting at 7:37 pm. Rodney Lenfent seconded, and the motion passed unanimously.