

**ATCA Budget Committee
2023-2024 Term
Second Meeting
Thursday, March, 2024, 6:00 pm
Unit 2704**

Members Present

Jason Calmes (603), Secretary, Board Member
Rodney Lenfent (1608) (by phone)
Stephanie Prunty (2704), Chair, Board Member
Chris Sherwood (3624)
Gary Vincent (3101), Vice-Chair, Board Member
Becky Wollman (3023), Board Member

Members Absent

None

Others Present

Tim Munch, Property Manager

Actions

None

Next Meeting

Monday, April 22, 2024, 6:00 p.m.
Unit 2704

Call to Order: 6:02 pm by Stephanie Prunty, Chair

The Insurance Quotes for 2024-2025 are significantly higher than those for 2023-2024. Insurance premiums are based in part on the value of the Property Insured and in part on risk to the property. The value of the insured Property remained at around \$30m for a number of years but has now risen to \$41m. Thus, while insurance premiums fluctuate annually over time as the risk assessment fluctuates, it is now extremely unlikely that the property insurance premiums will return to close to prior levels.

For many years, AT was also presented with a range of options of Wind Deductibles from 2% to 5% usually. For both 2023-2024 and 2024-2025, only a 10% Wind Deductible was offered, which is \$4.1m. As banks will only lend at a 5% deductible or lower, which is \$2.05m or lower, AT had to purchase an additional policy to net-out at 5% deductible by covering the "second" \$2.05m. This necessity is likely temporary per the AT Insurance Broker.

Most of the carriers surveyed have declined to cover Audubon Trace, as has been the case in recent years. Our current carrier has offered to cover at the increased price. Ongoing "shopping" has yielded a lower cost deductible buydown. The Committee will reopen discussion if an option is presented that would offer a significant change.

In addition to Insurance, other costs have risen significantly. Water and electricity are two, which are largely due to price increases. Jason presented a review of water usage has not be trending upward in recent year. Becky reviewed the data and came to the same conclusion. Therefore, the increase in costs is due to continuing price increases.

Audubon Trace has enough cash-on-hand to cover these bills and to continue to operate, but the payments will reduce the cash-on-hand to a level that is unacceptably low going into hurricane season. Given our increased deductible of \$2.05m and the recent Ida costs of around \$1.3m, we must plan on self-insuring, despite spending about \$1.0m per year on that insurance coverage. \$825k was spent on Ida repairs before the Assessment was due, and planned cashflow should be mindful of this fact and that most of amount collected by condo fees is collected after hurricane season with the vast majority after the peak of hurricane season.

Given the cash-on-hand in early March, the actual increases in insurance premiums from the actual 2023-2024 costs, \$167,001.45, the 2024-2025 deductible buydown costs, \$195,021.00, other overages, the Committee recommends an assessment in the range of \$350k - \$380k. This would be about two-thirds of the prior assessment driven by insurance, which was about \$528k. The estimate of 2025-2026 Property Insurance coverage would be appear in the 2024-2025 Operating budget, as is customary, and would drive an increase. Based on reasonable projections, this increase would likely not exceed 25%.

The Committee will continue the 2024-2025 Budget discussion at their next meeting.

Adjourned: 7:24 pm. Stephanie Prunty moved, Gary Vincent seconded. Unanimous.