

**BELLASERA COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING
Bellasera Community Clubhouse
7350 E. Ponte Bella Drive, Scottsdale Arizona, 85266**

March 24, 2011

MINUTES

Members Present

- Dennis Carson, President; Susan Loiselle, Vice President; Anne Chernis, Bruce Martin, Director and Anna Ingram, Director
- Absent: Ted Dixon, Treasurer

Others Present

- Viola Lanam, Community Manager, AAM and Sharon Foxworth, Assistant
- Several committee members and home owners were present.

Call to Order

- Dennis Carson, President, called the meeting to order at 2:00 p.m. Due to a board member having to leave early they discussed the Budget first.

Budget and Finance

- Clayton Loiselle explained the Reserve Fund Analyses based on outside consultants. He also reviewed the Operating Budget and moved to adopt the following Resolution:

NOW THEREFORE BE IT RESOLVED:

The Board of Directors of the Bellasera Community Association hereby agrees to recommend the attached annual Budget for FY 7/1/2011 to 6/30/2012 to the newly elected Board of Directors (pursuant to the Annual Meeting and Election scheduled to be held on April 17, 2011). It is hereby recognized that the newly elected Board of Directors will have the right to accept, reject or modify said Annual Budget.

MOTION PASSED UNANIMOUSLY

Resolution is attached.

- Charles Schroeder reviewed the February Financials.
- The new law firm (Brown Law) is to start collecting delinquent accounts.
- Clayton asked Viola to see if AAM's accounts could calculate how much cash is on hand.

Resident Questions

- What is the status of Solar Heating? Answer: It was shelved due to not being feasible at this time. The savings was not as much as expected.
- Are bids for landscaping completed? Viola is still obtaining bids from several companies.

Approval of Minutes

- A motion was made to approve the minutes from the February 24, 2011, Board meeting. Minutes were approved as submitted.

Treasurer's Report

- None

Modification Committee

- James Gleason stated that the Design Guidelines has been amended to state that the top of rain gutters are to match the trim of the house and the down spouts are to match the house color. Dennis asked if the Modification Committee would vote on this amendment as well as, the change that dumpsters are kept in the driveway instead of the street during a modification project so that both could be passed and amended at the same time.

Building and Grounds Report

- None

Communications Report

- None

Social Committee Report

- None

Community Manager

- The report is attached.

President's Report

- Dennis Carson remarked that the parking policy would be incorporated in the Facilities Policy and the topic would be discussed at the next Board meeting.

Old Business

- None.

New Business

- None

Adjournment

- There being no further business, the meeting was adjourned at 2:42 p.m.

Respectfully submitted,

Sharon Foxworth

Sharon Foxworth
Recording Secretary

Approved by,

Anne Chernis

Anne Chernis
Board Secretary

Attachments:

Community Manager's Report
Budget Resolution

**Community Managers Report
Viola Lanam**

**Board of Directors – Regular Session
Thursday, March 24, 2011**

FINANCIALS:

February 2011 Financials are attached. As of 02-28-2011 there was \$101,522 in the Operating checking account, \$1,071 in the Onsite checking account, totaling \$102,593 in total working capital. A Reserve Savings balance of \$968,394 is 66.10% of the projected \$1,465,120 Reserve Study goal for end of FYE 2010-11. The community was approximately \$2,731 under budget in operating expenses for February and was \$37,747 over budget for FYTD.

MAJOR ITEMS COMPLETED SINCE LAST MEETING:

- Approved and coded invoices for AP processing.
- Reviewed February financials and prepared the MTD/YTD variance reports.
- I worked with the Budget and Finance Committee to prepare the budget for the 2011-2012 fiscal year.
- The cabinet for the fitness area has been delivered and DR Paint has stained it to match the woodwork.
- The 30-day notice for the Annual Meeting was mailed March 11th. This mailing also included the official ballot with a self addressed stamped envelope. Also included in this mailing was a copy of the revised violation/fine policy.
- Arizona System Design has been called to repair the steam room in the men's women's locker room. The issue was the steam valves had to be replaced for both steam rooms.
- The final checks for the carpeting, window coverings, furniture and the pictures have been paid.
- Mailbox lights at Ponte Bella and Moura were staying on; sensor replaced.
- Street sign re-hung at Ponte Bella and Moura.
- The tennis ball machine was repaired.
- GB corrected the broadband transmitter for the televisions in fitness center.
- The screen in the Activity Room was lowered.
- A splash guard was installed under the hand sanitizer in fitness center.
- Four Peaks Landscaping repaired an irrigation pipe at Ponte Bella.
- Sharon and I continue to respond to telephone calls and e-mails.

Bellasera Community Association
Motion by the Chair of the Budget and Finance Committee

March 24, 2011

The Chair of the Budget and Finance Committee moves that the Board adopt the following
RESOLUTION:

WHEREAS AAM and the Budget & Finance committee ("BFC") have collectively developed an operating budget for the Bellasera Community Association ("BCA") for the FY 7/1/2011 to 6/30/2012 on a line-by-line basis, and

WHEREAS the BFC has prepared an internal review of the BCA Reserve Plan based, in part, on the advice of experts in the matter of maintaining BCA's system of roads, pool decking, tennis courts and basketball court, and

WHEREAS the attached Annual Budget for FY 7/1/2011 to 6/30/2012 represents a fair and reasonable projection of our financial needs based on current information,

NOW THEREFORE BE IT RESOLVED:

The Board of directors of the Bellasera Community Association hereby agrees to recommend the attached annual Budget for FY 7/1/2011 to 6/30/2012 to the newly elected Board of Directors (pursuant to the Annual Meeting and Election scheduled to be held on April 17, 2011). It is hereby recognized that the newly elected Board of Directors will have the right to accept, reject or modify said Annual Budget.

Bellsera Community Association, Inc.
 FY 7/1/2011 -- 6/30/2012
 Enter Entity #: 5150

Details:

Assessment: \$520.00
 Billing Frequency: Quarterly

Number of Lots: 360

Total
 Rolling 12 Mon Jan 11
 App Budget 2010-2011

Income	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Rolling 12 Mon Jan 11	App Budget 2010-2011
4005 Assessments	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	748,800.00	748,800	748,800
4106 Legal Fees Reimbursement	250	250	250	250	250	250	250	250	250	250	250	250	3,000.00	5,909	1,200
4109 Gate/Key Income	230	230	230	230	230	230	230	230	230	230	230	230	2,760.00	3,200	1,560
4012.03 Lease Fee Income			6,969										6,969.00	6,366	
4090 CC&R Violation Fees	100	75	75	100	75	75	100	75	75	75	75	75	400.00	500	900
4110 Late Charges	125	125	125	125	125	125	125	125	125	125	125	125	900.00	965	1,500
4126 Clubhouse Rental	30	30	30	30	30	30	30	30	30	30	30	30	360.00	313	360
4165 Interest Income															
Total Income	63,210	62,985	70,079	63,085	63,110	62,985	63,210	62,985	63,110	63,085	63,110	62,985	763,939	\$ 767,003.00	754,320
Administrative Expenses															
5101 Salaries & Wages															
5113 Social Expense	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	30,760.00	26,705	29,220
5119 Bad Debt Expense-Assessments	750	750	750	750	750	750	750	750	750	750	750	750	9,000.00	4,341	4,000
5125 Equipment Lease	196	196	196	196	196	196	196	196	196	196	196	196	2,352.00	2,286	2,068
5135 Postage & Copies	900	900	900	900	900	900	900	900	900	900	900	900	10,800.00	10,019	11,700
5136 Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	320.00	20	320
5142 Office Expense	400	400	400	400	400	400	400	400	400	400	400	400	4,800.00	5,595	3,600
5151 CPA Services				1,400	250								1,650.00	1,600	1,825
5153 Consulting Fees							2,400						2,400.00	2,588	
5154 Website Expense				110									110.00	108	125
159.001 Legal Fees-Collection	200	200	200	200	200	200	200	200	200	200	200	200	2,400.00	5,429	4,200
159.002 Legal Fees-General	125	125	125	125	125	125	125	125	125	125	125	125	1,500.00	4,046	4,200
5160 Insurance	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	16,320.00	16,185	18,000
5161 Income Taxes - Federal			1,250										1,250.00	146	2,000
5162 Income Taxes - State			600										600.00	300	1,000
5163 Property Taxes				3									3.00	3	10
5165 Taxes, Licenses & Fees	250	250	10				100		495				855.00	590	690
173.001 Holiday Lights														2,007	3,000
Total Administrative Expenses	6,286	6,536	8,156	7,799	6,536	8,786	8,786	6,586	6,791	6,286	6,286	6,286	\$ 85,120.00	\$ 81,968.00	79,758

Code	Description	5,579	4,907	4,927	4,259	3,336	3,417	3,178	2,908	2,100	2,951	2,930
5205	Electricity	436	395	698	1,614	4,036	6,110	5,513	4,410	1,323	1,145	39,898
5210	Gas	2,281	651	1,985	2,157	2,525	2,039	389	435	1,076	1,702	29,914
5215	Water & Sewer	185	185	185	185	185	185	185	185	185	185	15,003
5225	Telephone											2,040
	Total Utilities	8,481	6,138	7,795	8,215	10,082	11,287	9,265	8,104	7,771	6,161	93,206.00

Code	Description	400	400	400	400	400	400	400	400	400	400	400
5305	Common Area Maintenance	650	650	650	650	650	650	650	650	650	650	4,500
5312	Clubhouse Maintenance	200	200	200	200	200	200	200	200	200	200	7,800
5312.01	Recreation Equipment Repairs	75	75	75	75	75	75	75	75	75	75	2,400
5313.02	Patio Furniture/Umbrellas	35	35	35	35	35	35	35	35	35	35	900
5315	Pest Control	400	400	400	400	400	400	400	400	400	400	2,400
5318	Storm Damage	550	550	550	550	550	550	550	550	550	550	4,800
5330	Gate Maintenance & Repairs	100	100	100	100	100	100	100	100	100	100	1,800
5340	Electrical Repair	375	375	375	375	375	375	375	375	375	375	6,600
5348	HVAC Repairs & Supplies	900	900	900	900	900	900	900	900	900	900	900
5350	Backflow Inspection	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
5355	Landscape - Other	100	100	100	100	100	100	100	100	100	100	900
5358	Tree Pruning	200	200	200	200	200	200	200	200	200	200	10,000
5366	Sprinkler Repairs	450	450	450	450	450	450	450	450	450	450	6,000
5368	Plumbing Repairs	200	200	200	200	200	200	200	200	200	200	1,020
5369	Fire Monitoring Repairs	450	450	450	450	450	450	450	450	450	450	2,400
5370	Pool/Spa Repair/Maintenance	200	200	200	200	200	200	200	200	200	200	676
5371	Pool/Spa Supplies	375	375	375	375	375	375	375	375	375	375	750
5374	Janitorial Supplies	250	250	250	250	250	250	250	250	250	250	4,800
5396	Gate Transmitters	400	400	400	400	400	400	400	400	400	400	4,800
5330.001	Quick Pass After Hours											3,900
5355.001	Mistletoe Removal											1,000
	Total Repairs & Maintenance	5,785	6,435	5,535	5,785	5,535	5,785	6,135	5,535	5,785	12,735	5,535

Code	Description	429	429	429	429	429	429	429	429	429	429	429
5510	Cable Contract	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	4,918
5513	Security Contract	420	420	420	420	420	420	420	420	420	420	139,411
5514	Gate Maintenance Contract	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	5,016
5514.002	Quickpass Contract	105	105	105	105	105	105	105	105	105	105	10,999
5515	Exterminating Contract	115	115	115	115	115	115	115	115	115	115	1,260
5520	Trash Collection Contract	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,200
5522	Janitorial Contract	135	135	135	135	135	135	135	135	135	135	21,144
5524.001	Recreation Equipment Contract	3,590	3,590	3,590	3,590	3,590	3,590	3,590	3,590	3,590	3,590	540
5525	Landscape Contract	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	43,080
5530	Management Contract	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	28,872
5532	Pool/Spa Maintenance Contract	370	370	370	370	370	370	370	370	370	370	10,466
5536	HVAC Maint Contract	255	255	255	255	255	255	255	255	255	255	736
5535	Street Sweeping Contract	100	100	100	100	100	100	100	100	100	100	875
5548	Lighting Contract											
	Total Contract Services	23,609	22,749	22,749	23,609	22,749	22,749	22,749	23,609	22,749	22,749	268,290

Code	Description	44,161	41,858	44,235	45,408	44,902	48,890	49,467	44,735	43,179	43,451	47,931	41,095
	Total Operating Expenses	19,049	21,127	25,844	17,677	18,208	14,095	13,743	18,250	19,931	19,634	15,179	21,890
	Operating Income	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)	(18,696)
4190	Transfers to Reserve Fund	353	2,431	7,148	(1,019)	(488)	(4,601)	(4,953)	(446)	1,235	938	(3,517)	2,999
	Net Income												

Bellasera Community Association
Case Highlights
2011 -- 2012

Social Expense = \$0

Holiday Lights = \$0

Mistletoe = \$4,800

AAM Management Contract = \$33,600 increase on site hours but **NO website**

This Case results in quarterly dues of **\$520** per household -- **NO increase**

Moving forward during FY 2011-2012:

1. Obtain new bids for Landscape Contract -- Line 5525 and include as much as practical of Landscape Other Line 5355. Target an overall reduction in landscape costs without sacrificing quality workmanship.
2. Gain confidence in Quickpass system. Wean residents off night gate guard -- that is, cut another four hours.
3. Better define the scope of the mistletoe removal project and estimated costs.
4. Use savings from #1 and #2 above to pay for additional mistletoe removal and/or increase AAM contract on site hours.

Bellasera Community Association
Budget Assumptions
2011 – 2012

Line 5119 – Bad Debt Expense \$9,000

This item has been added to reflect ongoing uncollectible HOA dues. It is important to include this item in order to ensure that sufficient cash is available to pay ongoing operating expenses.

Line 5159 – Legal Fees have been split into two separate items

Line 5159.001 – Legal Fees – Collections \$ 2,400

Line 5159.002 – Legal Fees – General \$ 1,500

Estimates have been developed on the basis of the Brown Law Group pricing parameters plus an additional amount for unspecified opinions from Carpenter Hazelwood.

Utilities (except telephone) have been increased by 5% based on actual rolling numbers as of January 2011. The major water leak was taken into consideration in this calculation.

Line 5355 – Landscape Other \$14,400

This item includes overseeding, annual flowers and additional re-vegetation. It is based on estimates from the current landscaper.

Line 5358 – Tree Pruning \$4,200

This item is based on a proposal from Four Peaks.

Line 5366 – Sprinkler Repairs \$1,200

This item is based on 12 month rolling actual amounts.

Line 5355.001 – Mistletoe Removal \$4,800

This item is for removal of mistletoe in NAOS trees. The value was arbitrarily capped at \$12,000 pending further investigation. It is recommended that this item be included in future operating budgets until this issue is satisfactorily resolved.

Line 5513 – Security Contract \$121,800

This item is based on a proposal from Securitas which includes a wage increase for attendants and a four hour reduction in hours worked per day (partial elimination of night guard).

Line 5522 – Janitorial Contract \$24,000

The janitorial contract was increased by \$200 per month as requested by the Board. Duties will be changed to include watering clubhouse decorative plants. This will eliminate the plant maintenance contract which had been included in previous budgets.

Line 5530 – Management Contract \$33,600

AAM management contract reflects additional hours on site, NO website. Otherwise add 3% to existing contract amount.

Line Street Sweeping Contract \$1,020

This item contemplates quarterly street sweeping.

Bellasera Community Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	
Version Number	1
Analysis Date	03/05/2011
Fiscal Year	7/1/2011 to 6/30/2012
Number of Units	360
Phasing	of

Global Parameters:

Inflation Rate	3.00%
Annual Contribution Increase	0.00%
Investment Rate	3.00%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile:

Adequacy of Reserves as of July 1, 2011:

Anticipated Reserve Balance	\$1,000,000.00
Theoretically Ideal Reserve Balance	\$1,308,317.95
Percent Funded	76.43%

Recommended Funding for the 2011-2012 Fiscal Year:

	Annual	Monthly	Per Unit Per Month
Member Contribution <i>+ 2.25% → 2013</i>	\$224,000	\$18,666.67	\$51.85
Interest Contribution <i>Flat 2 YRs</i>	\$30,039	\$2,503.24	\$6.95
Total Contribution	\$254,039	\$21,169.90	\$58.81

Adjust

- 15,000 in 2011

- 16,000 in 2012

Bellaser Community Association
Projections
Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2011-2012	\$1,000,000	\$224,000	\$30,039	15 K \$114,510	\$1,139,529	\$1,425,410	80%
2012-2013	\$1,139,529	\$224,000	\$31,726	16 K \$198,574	\$1,196,681	\$1,475,022	81%
2013-2014	\$1,196,681	\$234,193	\$29,305	\$339,955	\$1,120,225	\$1,387,183	81%
2014-2015	\$1,120,225	\$239,463	\$35,903	\$48,976	\$1,346,615	\$1,605,263	84%
2015-2016	\$1,346,615	\$244,851	\$40,552	\$124,982	\$1,507,035	\$1,758,550	86%
2016-2017	\$1,507,035	\$250,360	\$46,087	\$105,940	\$1,697,542	\$1,944,683	87%
2017-2018	\$1,697,542	\$255,993	\$41,962	\$434,641	\$1,560,856	\$1,788,434	87%
2018-2019	\$1,560,856	\$261,753	\$39,870	\$369,350	\$1,493,129	\$1,701,740	88%
2019-2020	\$1,493,129	\$267,642	\$45,960	\$104,097	\$1,702,634	\$1,892,859	90%
2020-2021	\$1,702,634	\$273,664	\$48,218	\$242,094	\$1,782,422	\$1,956,412	91%
2021-2022	\$1,782,422	\$279,822	\$52,104	\$196,931	\$1,917,417	\$2,080,277	92%
2022-2023	\$1,917,417	\$286,118	\$54,247	\$264,340	\$1,993,441	\$2,146,468	93%
2023-2024	\$1,993,441	\$292,555	\$49,232	\$508,177	\$1,827,052	\$1,971,774	93%
2024-2025	\$1,827,052	\$299,138	\$55,485	\$139,210	\$2,042,464	\$2,180,405	94%
2025-2026	\$2,042,464	\$305,868	\$59,501	\$225,656	\$2,182,178	\$2,302,540	95%
2026-2027	\$2,182,178	\$312,750	\$67,943	\$90,939	\$2,471,933	\$2,575,771	96%
2027-2028	\$2,471,933	\$319,787	\$74,654	\$163,287	\$2,703,087	\$2,791,615	97%
2028-2029	\$2,703,087	\$326,982	\$67,823	\$622,305	\$2,475,587	\$2,550,348	97%
2029-2030	\$2,475,587	\$334,340	\$76,081	\$126,653	\$2,759,355	\$2,831,598	97%
2030-2031	\$2,759,355	\$341,862	\$84,626	\$132,907	\$3,052,936	\$3,124,900	98%
2031-2032	\$3,052,936	\$349,554	\$64,592	\$1,088,652	\$2,378,430	\$2,423,528	98%
2032-2033	\$2,378,430	\$357,419	\$67,465	\$323,291	\$2,480,023	\$2,499,221	99%
2033-2034	\$2,480,023	\$365,461	\$59,657	\$685,237	\$2,219,904	\$2,210,193	100%
2034-2035	\$2,219,904	\$373,684	\$69,466	\$106,396	\$2,556,657	\$2,518,954	101%
2035-2036	\$2,556,657	\$382,092	\$67,732	\$503,980	\$2,502,501	\$2,430,943	103%
2036-2037	\$2,502,501	\$390,689	\$76,898	\$152,396	\$2,817,691	\$2,713,089	104%
2037-2038	\$2,817,691	\$399,479	\$74,098	\$563,625	\$2,727,644	\$2,552,497	107%
2038-2039	\$2,727,644	\$408,468	\$68,498	\$661,811	\$2,542,799	\$2,296,112	111%
2039-2040	\$2,542,799	\$417,658	\$57,557	\$840,871	\$2,177,143	\$1,842,838	118%
2040-2041	\$2,177,143	\$427,055	\$56,327	\$519,941	\$2,140,584	\$1,716,843	125%

NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.