

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
January 21, 2010

PRESENT: Clayton Loiselle, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

OBSERVERS: Dennis Carson and Bruce Martin (part of session)

The Budget & Finance Committee Meeting was called to order at 2:40 PM. A quorum was present. Chairman Clayton Loiselle welcomed Paul Snyder as the new member of the Committee.

Purpose of the Meeting

To review/approve the minutes of our last meeting (December 3, 2009) and to review the BCA Financial Statements for November and December 2009. For additional topics see enclosed Meeting Agenda.

Minutes of the December 3, 2009 B&F Committee Meeting

The Minutes of the December 3, 2009 B&F Committee meeting were reviewed and unanimously approved.

Review of BCA Financials for November (brief) and December 2009

See attached copies of Reviews for details. The Committee again discussed its concern about the high level (by historical standards) of *Accounts Receivable* at \$17,965 at the end of November of which about \$10,000 is delinquent 90 days or more. By the end of December *Receivables* were down to \$13,894 yet still 73% above December 2008 levels. The Committee would like to receive information as to how many homes are involved that are past due and how many are past due 90 or more days. (Clayton to follow up).¹ Ted Dixon is working on a change in collection policy to allow for Small Claims Court procedure to be followed. This method would reduce time and collection costs. Ted is also proposing that a person at AAM be authorized to represent BCA at Small Claims Court. The Committee would like to see copies of generic letters AAM sends out to residents whose quarterly assessments are in arrears together with information of when they are sent. Additional information about collection procedures is contained in a booklet prepared by AAM.²

Overall BCA Financials show that total expenditures were below budget.

HOA Class on Delinquencies Beginning on February 25, 2010

The City of Scottsdale is running a free class on HOA homeowners' delinquencies at the Black Mountain facility. Clayton has circulated an e-mail asking that first 2 Committee members attend on February 25. Others will attend later.

In Memoriam Donations by BCA on Behalf of Deceased Bellasera Residents

The proposal called for a charitable contribution of \$50.00 and members of the Committee felt it was, in principle, a good idea. There may be some technical problems such as distinguishing between owners and renters etc. While the Board would have to

¹ Meanwhile Clayton has asked Viola Lanam to provide a breakdown of number of homes and delinquencies involved.

² Ted Dixon has, in the meantime, distributed a copy of this booklet to B&F Committee members.

make a decision on this issue, it was suggested that input should also be sought from the Social Committee.

Review of BCA Accountant's Compilation Report as of June 30, 2009

BCA's accountant responded to Chuck Roach's request for clarification of his statement as follows: "*The working (sic!) is a GAAP requirement. Additionally, on Page 10 the reference to inflation is related to the Estimated Current Replacement Cost Column, which is not presented as an inflationary adjusted number on an annual basis, although the study does take inflation into account.*" This response still leaves lay reviewers of the report a bit confused.

Start of the BCA 2010-2011 Operating Budget Process

The Committee is working with Viola Lanam to prepare the next Operating Budget with the goal to have a final draft ready for presentation to the Board at its March 2010 Study Session. It is expected that Viola will have a first draft ready for our first working session some time next week. Key issues are: estimated variances of line items, vendor contracts and anticipated utilities' rate increases.

Preparation of Reserve Study Update

BCA has renewed the license to run the software *WinReserve*. The question now is whether the Board wants the B&F Committee to produce the update with help of the software or would rather engage an outside consultant. The Committee would be ready to undertake the update.

Other Business

Now that the purchase by BCA of a cardiac defibrillator has been completed the question has been asked what is the status of issuing operating guide lines and availability of trained people.

There being no other business the meeting was adjourned at 5:10 PM.

The next Meeting Date

Friday, February 26, 2010 at 2:30 PM at the Clubhouse. [There will be several (as needed) working sessions by the Committee between now and the final Budget presentation to the Board].

Enclosures: Agenda for B&F Committee Meeting on January 21, 2010;
Brief Review of BCA Financials for November 2009;
Review of BCA Financials for December 2009.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING
January 21, 2010 2:30 PM

1. Review / approve the minutes of our last meeting on December 3, 2009
2. Review the Financial Statements for November (brief) and December 2009
3. Reserve Fund – a) Should in-house analysis be undertaken (WinRes)?
b) Accountant's observations re BCA year-end 2009 financials
4. Review Accounts Receivable status; also free HOA class on delinquencies beg. 2/25
5. Start BCA 2010-2011 Operating Budget Process (variances, utilities' increases, contracts)
6. Discuss proposed in memoriam donations on behalf of deceased Bellasera residents.
7. Inquire about status of cardiac defibrillator
8. Other Business
9. Set schedule for next B&F meeting

Brief Review of BCA Financials for November 2009

Comments: The high balance in the Operating Account was \$84,662 including the petty cash account. In the meantime, the operating account at Merrill Lynch has been consolidated with the principal Bellasera operating account at the Mutual of Omaha Bank.

Accounts Receivable: Total A/R's declined \$4,097.78 to \$17,964.99 and past due assessments declined from October 31 of \$18,072 to \$11,360 as of December 14. It appears that there is a hard core of \$10,000 to \$11,000 of delinquent accounts that needs BOD attention and action. Ted Dixon recently discussed with the B&F Committee the efficiency of the *Small Claims Court Procedures* and also distributed guide lined authored by AAM. We believe BCA should test this route to find out how effective it is to protect the Community from potential losses.

Income & Expenses: In Income we are slightly above Budget and in all key categories we are under Budget except *Repairs & Maintenance* where we are \$2,100 above Budget but still below Budget YTD.

Operating Owners' Equity: Increased by \$3,516.04 to \$39,560.46.

Replacement Reserve Account at Merrill Lynch:

As of November 30, 2009 the total balance as per AAM Statement is \$802,628 yielding overall 1.99% p.a. interest vs. 2.01% p.a. in October. Of this amount \$410,000 were invested in CD's. (See table below).

Next CD Maturity: March 5, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 11/30/09

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-26-08	Bk of Cascades	\$90,000	3.75%	3-5-2010
11-03-08	Capital One	\$90,000	3.75%	5-12-2010
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$410,000.00	3.82%	

Charles Schroeder, December 15, 2009

Review of BCA Financials for December 2009

Comments: This review marks the midpoint of Bellasera's Budget year 2009/2010 and shows the Operating Budget has a net surplus of \$18,146 which has helped bringing the balance of the Operating Owners' Equity to a more comfortable level of \$37,386.

Operating Balances for the month at the Community Association Bank totaling a high of \$144,014 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC. The operating account at Merrill Lynch was closed and its balance of \$54,533 was transferred to Bellasera's main operating account at the Community Association Bank.

Balance Sheet Items: *Accounts Receivable* have decreased from \$17,965 last month by \$4,071 to \$13,894. This amount is still 73% higher than the amount of \$8,019 the year before. Also, the delinquent portion of unpaid *Quarterly Assessments (90 days and more overdue)* has grown from \$6,339.28 last month to \$9,659.94 at the end of December, a spike of 52%.

GROWTH OF BELLASERA'S A/R's

Year	June 30	July 31	August 31	Sept. 30	Oct. 31	Nov.30	Dec.31
2008	\$1,855.42	\$8,254.60	\$4,351.02	\$2,575.72	\$4,351.02	\$9,129.59	\$8,019
2009	\$13,464.52	\$43,468.66	\$18,900.72	\$12,576.82	\$22,062.77	\$17,964.99	\$13,894
% of ¼ Dues	7 %	23 %	10 %	7 %	12%	10%	7%
Increase	626%	427%	334%	388%	407%	97%	73%

Income: Slightly above budget

Salaries & Wages: Roughly in line with budget including Christmas bonuses.

Administrative & General: Over budget by \$2,600 due to office supplies, extra legal opinions and collection charges.

Contract Services: Slightly under budget.

Repairs & Maintenance: Within budget, even after non-budgeted replacement of double doors with windows in fitness center.

Utilities: All categories, except *Water*, are under budget. YTD total expenses are 20% under budget.

Income Taxes: No payments due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$37,385.80, a decrease of \$1,758.

Replacement Reserve Account at Merrill Lynch:

As of December 31, 2009 the total balance as per ML Statement is \$800,716 yielding overall 2.01% p.a. interest vs. 1.99% p.a. in November. Of this amount \$410,000 were invested in CD's. (See table below).

Next CD Maturity: March 5, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 12/31/09

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-26-08	Bk of Cascades	\$90,000	3.75%	3-5-2010
11-03-08	Capital One	\$90,000	3.75%	5-12-2010
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$410,000.00	3.82%	

Charles Schroeder, January 17, 2009

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
February 26, 2010

PRESENT: Clayton Loiselle, Carlton Rooks, Charles Schroeder and
Paul Snyder

ABSENT: Ted Dixon

The Budget & Finance Committee Meeting was called to order at 2:40 PM. A quorum was present.

Purpose of the Meeting

To review/approve the minutes of our last meeting (January 21, 2010) and to review the BCA Financial Statements for January 2010. For additional topics see enclosed Meeting Agenda.

Minutes of the January 21, 2010 B&F Committee Meeting

The Minutes of the January 21, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for January 2010

See attached copies of Reviews for details. The Committee again discussed its concern about the high level (by historical standards) of *Accounts Receivable* at \$24,428 at the end of January of which nearly \$11,000 is delinquent 90 days or more. By the end of December *Receivables* stood at \$13,894 and increased during January by 75.8%. It is hoped that the majority represents late payments of dues rather than non-payments. The Committee discussed various ways of achieving success in collecting outstanding dues and related fees and found that negotiations with delinquent home-owners would be the best way. Failing this effort would result in engaging Small Claims Court procedures and/or other collection methods. Finally, if collection efforts are unsuccessful the outstanding debt would be written off or offset as a Reserve for Bad Debt. (Clayton to prepare an outline of this issue for review).

Overall BCA Financials show that total expenditures YTD were below budget.

Investment of Reserve Account Cash in Certificates of Deposit.

The Committee discussed current interest rates payable on CD's for up to 2 years which are unusually low during the present recession. (See enclosed List received from Merrill Lynch). The Bellasera BOD approved an investment of \$200,000 in CD's up to 2 years during its meeting in December, but no action has been taken as yet. Paul suggested we should also look into comparing rates offered by other banks that pay higher rates and are big enough not to fail besides being covered by FDIC. Ally Bank comes to mind (the former General Motors Acceptance Corporation) which received \$17.2 Billion in TARP funds and which is now 56% controlled by the US Government. It has been paying higher rates of interest and allows penalty free withdrawal prior to maturity of the CD's.

Charles will do some research on this and also follow up with ML on updating the Bellasera account signing authority.¹

BCA 2010-2011 Operating Budget Process

The Committee held its first working session with Viola Lanam on February 25 to prepare next year's Operating Budget with the goal to have a final draft ready for presentation to the Board at its March 17, 2010 Study Session. The first draft was reviewed and agreement reached on several changes. Paul Snyder was asked to prepare a letter addressed to the Social Committee to stress budgetary constraints and the need to reduce the requested amount.

The next Meeting Date

Friday, March 19, 2010 at 2:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 5:00 PM.

Enclosures: Agenda for B&F Committee Meeting on February 26, 2010;
Review of BCA Financials for January 2010;
ML List of Current CD Interest Rates.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

¹ Talked to Phil Clark of ML again. He apologized for not having sent signing doc's as yet. He promised to do that this week (of 3/8/10).

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
February 26, 2010 2:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on January 21, 2010
2. Review the Financial Statements for January 2010 prepared by AAM
3. Review overdue HOA dues status including fees and penalties and make recommendation to BOD for action.
4. Discuss BCA reserve funds and recommend Board action (another CD matures on March 5, \$90,000)
5. Discuss results of working session regarding draft Operating Budget
6. Other Business
7. Set schedule for next B&F meeting

Review of BCA Financials for January 2010

Comments: Operating Balances for the month at the Community Association Bank totaling a high of \$133,728 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC.

Balance Sheet Items: *Accounts Receivable* have increased from \$13,894 last month by \$10,534 to \$24,428. This amount is 61% higher than the amount of \$15,176 the year before. **Fortunately the delinquent portion of unpaid *Quarterly Assessments* (90 days and more overdue) has declined from \$9,659.94 last month to \$8,429.60 at the end of January; however, one would have to add an amount of \$915.02 for fees for legal, demand and leans expenses not to mention unstipulated interest carrying charges. The overdue amount thus becomes \$9,344.62.**

GROWTH OF BELLASERA'S A/R's

Year	June 30	Sept. 30	Oct. 31	Nov.30	Dec.31	Jan. 31
2008/9	\$1,855.42	\$2,575.72	\$4,351.02	\$9,129.59	\$8,019	\$15,176
2009/10	\$13,464.52	\$12,576.82	\$22,062.77	\$17,964.99	\$13,894	\$24,428
% of ¼ Dues	7 %	7 %	12%	10%	7%	12%
Increase	626%	388%	407%	97%	73%	61%

Income: Slightly above budget

Salaries & Wages: In line with budget.

Administrative & General: Over budget by about \$1,600 due to office supplies (software for guard house) and BCA New Year's Event.

Contract Services: Slightly under budget.

Repairs & Maintenance: Slightly over budget with maintenance of Common Area and Clubhouse accounting for the bulk.

Utilities: All categories, except *Water*, are under budget. YTD total expenses are 18% under budget.

Income Taxes: No payments due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$35,147.60, a decrease of \$2,238.

Replacement Reserve Account at Merrill Lynch:

As of January 31, 2010 the total balance as per ML Statement is \$855,606 yielding overall 1.86% p.a. interest vs. 2.01% p.a. in December. Of this amount \$410,000 were invested in CD's. (See table below).). **Suggestion:** To re-balance funds in Money Fund and Institutional Fund to increase yield of the cash of \$441,236 held at ML.

Next CD Maturity: March 5, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 12/31/09

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-26-08	Bk of Cascades	\$90,000	3.75%	3-5-2010
11-03-08	Capital One	\$90,000	3.75%	5-12-2010
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$410,000.00	3.82%	

Charles Schroeder, February 22, 2010

MERRILL LYNCH CURRENT CERTIFICATE OF DEPOSIT INTEREST RATES

From: phillip_clark@ml.com
To: chas150@aol.com
Sent: 2/26/2010 9:53:02 A.M. US Mountain Standard Time
Subj: CD Rates

Hi Charles,

Here are the best CD rates we currently have (availability and rates subject to change). New inventory comes out every Tuesday so some rates aren't that attractive currently.

3mth @ .30%

6mth @ .20%

1yr @ .45%

18mth @ .90%

2yr @ 1.25%

3yr @ 1.65% – 2.00%

It will take me a little bit to get the new account and change forms to you, I'll get them to you as soon as I can.

Thanks,

Phil Clark

Registered Client Associate

Merrill Lynch

6730 N Scottsdale Rd. Ste. 150

Scottsdale, AZ 85253

Phone: (480) 607-8709

Fax: (602) 281-4410

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
April 30, 2010

PRESENT: Clayton Loiselle, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

OBSERVER: Dennis Carson

The Budget & Finance Committee Meeting was called to order at 2:40 PM. A quorum was present.

Purpose of the Meeting

To review/approve the minutes of our last meeting (March 19, 2010) and to review the BCA Financial Statements for March 2010. For additional topics see enclosed Meeting Agenda.

Minutes of the March 19, 2010 B&F Committee Meeting

The Minutes of the March 19, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for March 2010

See attached copy of Review for details. The Committee again discussed its concern about the high level (by historical standards) of *Accounts Receivable* at \$17,590 at the end of March (+120% from last year March). The B&F Committee continues to recommend usage of the Small Claims Court procedure. AAM maintains that pursuing payment of outstanding receivables through the efficient and less costly Small Claims Court procedure may be possible without changing Bellasera's CC&Rs, however, they are insisting that their representative (representing BCA) would have to be a member of the BOD e.g., as Assistant Treasurer.¹

Overall BCA Financials show that total expenditures YTD were below budget.

Merrill Lynch Account Authorization Forms

The new signature forms are being handled by AAM and will be signed by certain members of the newly elected Board.

Investment of Reserve Account Cash in Certificates of Deposit.

Interest Rates remain at very low levels. B&F is planning to invite a member of the Mutual of Omaha Bank (MOB) to our meeting to discuss options of CD investments under the program of the Community Association Bank.² The Committee is also exploring further investment options in high-yielding CDs covered by FDIC. This includes an account at a more flexible (than ML) investment house that would assist in investing in CDs such as Raymond James.

¹Meanwhile the Bellasera BOD has already appointed Kevin T. DeBolske, CPA, EVP & CFO of AAM as a member of the Bellasera Board with the title Assistant Treasurer and Representative.

² Manny San Miguel (MOB) and Kevin T. DeBolske (AAM) will meet with B&F Committee on 5/26/10.

BOD Approval of Budget 2010/2011

The new Board approved the Final Draft of the Bellasera Budget for Fiscal Year 2010/2011. Line item *Social Expense* was capped at \$4,000.

The next Meeting Date

Wednesday, May 26, 2010 at 2:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:50 PM.

Enclosures: Agenda for B&F Committee Meeting on April 30, 2010;
Review of BCA Financials for March 2010;
CD Rate Update as of 4/29/2010 Provided by Merrill Lynch

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loielle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
April 30, 2010 2:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on March 19, 2010.
2. Review the Financial Statements prepared by AAM for March 2010.
3. Prepare / finalize (if possible) ML account authorization for new Board and AAM.
4. Focus on (overdue) accounts receivable - amount(s), target action level, course of action, etc
5. Discuss CD investment issues related to information prepared by Paul Snyder, such as:
 - a) CD rates through ML and from individual banks;
 - b) \$amounts at issue;
 - c) investment / monitoring / transaction process
 - d) AAM's role in this process, if any.
6. Other Business.
7. Set next B&F meeting date.
8. Adjourn.

Review of BCA Financials for March 2010

Comments: Operating Balances for the month at the Community Association Bank totaling a high of \$148,545 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC.

Balance Sheet Items: *Accounts Receivable* (A/R's) have decreased modestly from \$19,249 last month by \$1,659 to \$17,590. This amount is 120% higher than the amount of \$8,001 the year before. I did not receive an aging schedule and, therefore, cannot comment on the status of the delinquent portion of unpaid *Quarterly Assessments* (90 days and more overdue).

GROWTH OF BELLASERA'S A/R's

Year	June 30	Sept. 30	Dec.31	Jan. 31	Feb. 28	Mar.31
2008/9	\$1,855.42	\$2,575.72	\$8,019	\$15,176	\$10,669	\$8,001
2009/10	\$13,464.52	\$12,576.82	\$13,894	\$24,428	\$19,249	\$17,590
% of ¼ Dues	7 %	7 %	7%	12%	10%	9%
Increase	626%	388%	73%	61%	80%	120%

Income: In line with budget, but needs to be adjusted for “shortfalls” in receipts of assessments, charges and fees which are captured in “Accounts Receivable”.

Salaries & Wages: Within budget.

Administrative & General: Slightly over budget.

Contract Services: Within budget.

Repairs & Maintenance: 86% under budget.

Utilities: 26% under budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$49,858.95, an increase of \$8,157.92.

Replacement Reserve Account at Merrill Lynch:

As of March 31, 2010 the total balance as per AAM Statement is \$850,470 yielding overall 1.47% p.a. Of this amount \$320,000 were invested in CD's. (See table below).

Suggestion: To re-balance funds in Money Fund and Institutional Fund to increase yield of the cash of \$527,207 held at ML.

Next CD Maturity: May 12, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 2/28/10

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
11-03-08	Capital One	\$90,000	3.75%	5-12-2010
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$320,000.00	3.83%	

Charles Schroeder, April 29, 2010

CD Rate Update as of 4/29/2010 Provided by Phil Clark of Merrill Lynch

Term	Highest Rate available
6 months	0.25%
9 months	0.25%
1 year	0.55%
18 months	0.80%
2 years	1.3%

Comments:

When I inquired of Phil Clark whether or not they also offered CD's from usually higher paying institutions such as Ally Bank or Discover Bank he told me that they do. However, he said their rates were usually lower than the highest paying banks. Currently they offer Ally Bank CDs that do not match the rates listed above.

Charles Schroeder.

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
May 26, 2010

PRESENT: Clayton Loiselle, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

GUESTS: Manny San Miguel, AVP, Regional Account Executive, Mutual of Omaha Bank/Community Association Banc and Kevin T. DeBolske, CPA, EVP/CFO of AAM.

The Budget & Finance Committee Meeting was called to order at 2:35 PM. A quorum was present.

Purpose of the Meeting

The Committee has been looking to find secure investment alternatives with more attractive returns than are being offered currently by Merrill Lynch. Thus, Clayton approached Kevin DeBolske to see what MOB/CAB could offer and as a result Messrs. San Miguel and DeBolske agreed to make a presentation to the B&F Committee. Also to review/approve the minutes of our last meeting (April 30, 2010) and to review the BCA Financial Statements for April 2010. For additional topics see enclosed Meeting Agenda.

Community Association Banc (CAB) Presentation

Manny San Miguel outlined a number of Protection Programs for accounts maintained at CAB. Besides the General FDIC Deposit Insurance coverage for interest bearing and non-interest bearing checking, savings accounts and Certificates of Deposit now limited to \$250,000 until 12/31/2013 he mentioned:

- a) The FDIC's Transaction Account Guarantee Program which provides unlimited coverage of interest bearing (NOW) and non-interest bearing checking accounts through December 31, 2010 and which may be extended by an additional 12 months.
- b) The Excess Deposit Protection Program (EDP) for CAB customers offered by MOB. It covers all deposits in Money Market Accounts that exceed general FDIC insurance up to \$1,000,000 per Tax ID as well as all HOA Money Market accounts, but excludes CD's. EDP is covered by an irrevocable letter of credit of the Federal Home Loan (FHL) Bank of Topeka, Kansas¹ and also involves a trust agreement with the First National Bank of Omaha (FNBO) in favor of MOB customers in case MOB fails. In the latter case FNBO would draw under the aforementioned L/C and pay MOB's covered clients directly. We also discussed CAB's Certificate of Deposit Account Registry Service (CDARS) which involves a group of banks for investments up to \$50,000,000 managed by the Bank of New York. This program may be suitable to the investments goals of Bellasera.

Manny San Miguel handed out folders that included descriptions of the various programs, the latest MOB annual report and rate sheets of current interest rates.

¹ FHLBank, Topeka, Kansas, a privately owned, federally chartered corporation promoting housing and homeownership and serving close to 900 banks, thrifts, credit unions and insurance companies in nearby states. The institution has more than \$50 billion in assets.

Minutes of the April 30, 2010 B&F Committee Meeting

The Minutes of the April 30, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for April 2010

See attached copy of Review for details. The high level (by historical standards) of *Accounts Receivable* at \$33,034 at the end of March (+171% from last year April) continues. The president of BCA will write a letter about delinquent dues in the next Bellasera Newsletter. BOD has taken action to minimize potential losses. Kevin T. DeBolske, CPA, EVP & CFO of AAM has been appointed AT of the Bellasera Board and Representative to pursue collections of past due dues before the Small Claims Court. An 40% increase in salaries was due to vacation hire for Sherry Foxworth. OPS equity increased by \$5,800.

Overall BCA Financials show that total expenditures YTD were below budget.

Reserve Plan for 2010/2011

Clayton has been loading the *WinReserve Software* with the data of the last Update by the outside consultant dated March 2009. The next step will be to obtain from BOD input as to expenditures planned for the current fiscal year and postponements of scheduled projects as well as repair programs that were planned in future years but need to be done this year. This information is needed to calculate the real cashflow which drives our investment plans. Mike Simpson is the likely BOD member involved with this. Part of the plan will be a new Gate Operator and Reader for a total of about \$26,000.

The next Meeting Date

Friday, August 6, 2010 at 2:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 5:00 PM.

Enclosures: Agenda for B&F Committee Meeting on May 26, 2010;
Review of BCA Financials for April 2010;
Interest Rate Sheet as of 6/7/2010 Provided by CAB;
CEDARS Rate Sheet as of 6/7/2010 Provided by CAB.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
May 26, 2010 2:30 PM at Bellasera Clubhouse

1. Mutual of Omaha / Community Association Bank presentation.
2. Review / approve the minutes of our last meeting held on April 30, 2010.
3. Review the BCA Financial Statements prepared by AAM for April 2010.
4. Discuss investment options / bank exposure.
5. Discuss collection of outstanding receivables activity.
6. Other Business.
7. Set next B&F meeting date.
8. Adjourn.

Review of BCA Financials for April 2010

Comments: Operating Balances for the month at the Community Association Bank totaling a high of \$176,546 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC.

Balance Sheet Items: *Accounts Receivable* (A/R's) have increased substantially from \$17,590 last month by \$15,444 to \$33,034. This amount is 171% higher than the amount of \$12,208 the year before. The total delinquent amount (due 90 days and more) is \$15,538 of which \$12,414 represents assessments. The BOD is proceeding with taking corrective action to minimize potential financial losses to the community.

GROWTH OF BELLASERA'S A/R's

Year	June 30	Sept. 30	Dec.31	Jan. 31	Feb. 28	Mar.31	Apr. 30
2008/9	\$1,855.42	\$2,575.72	\$8,019	\$15,176	\$10,669	\$8,001	12,208
2009/10	\$13,464.52	\$12,576.82	\$13,894	\$24,428	\$19,249	\$17,590	33,034
% of ¼ Dues	7 %	7 %	7%	12%	10%	9%	18%
Increase	626%	388%	73%	61%	80%	120%	171%

Income: 2.2% over budget due to fees, but needs to be adjusted for “shortfalls” in receipts of assessments, charges and fees which are captured in “Accounts Receivable”.

Salaries & Wages: 40% over budget due to vacation hire.

Administrative & General: Slightly under budget.

Contract Services: 15% over budget due to variation in number of paydays.

Repairs & Maintenance: Slightly under budget.

Utilities: 63% under budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$57,102.86, an increase of \$5,878.32.

Replacement Reserve Account at Merrill Lynch:

As of April 30, 2010 the total balance as per AAM Statement is \$843,937 yielding overall 1.41% p.a. Of this amount \$320,000 were invested in CD's. (See table below).

Suggestion: To re-balance funds in Money Fund and Institutional Fund to increase yield of the cash of \$572,976 held at ML. The spread between the 2 funds is now .08%.

Next CD Maturity: May 12, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 2/28/10

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
11-03-08	Capital One	\$90,000	3.75%	5-12-2010
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$320,000.00	3.83%	

Charles Schroeder, May 22, 2010

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
August 6, 2010

PRESENT: Clayton Loisel, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

The Budget & Finance Committee Meeting was called to order at 2:35 PM. A quorum was present.

Purpose of the Meeting

To review/approve the minutes of our last meeting (May 26, 2010) and to review the BCA Financial Statements for May and June 2010. For additional topics see enclosed Meeting Agenda.

Minutes of the May 26, 2010 B&F Committee Meeting

The Minutes of the May 26, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for May & June 2010

See attached copies of Review for details. The discussion of the Committee concentrated on the review of the June financials as most issues covered also issues raised in the May review. The high level (by historical standards) of *Accounts Receivable* at \$23,929 at the end of June (+78% from last year June) continues. B&F now receives supplemental data on collection efforts provided by AAM on a monthly basis, but more is needed to be able to judge the entire impact of delinquencies on BCA's financial condition. A complete Summary would include costs of collection and related legal and small claims court process fees as well as the amount of recoveries of delinquent dues and fees. Also needed is a running record of uncollectible amounts for subsequent write-offs. The Committee would like to know the current rationale behind write-offs of dues and violation fees which cause the reduction of both outstanding A/Rs and Owners' Equity. Carlton suggested that when we review the July 2010 BCA Financials that we make sure that expenses paid for projects undertaken during the 2009/2010 FY are properly allocated to that year.

Status of Recent Investment at Mutual of Omaha Bank

Clayton informed the Committee that the previously Board approved investments at Mutual of Omaha Bank/Community Association Bank were made.

Reserve Plan for 2010/2011

Paul had some questions about how prior BCA Reserve Plans were developed and if there was a collection of data on how such plans performed in the past. The Committee discussed the evolution of earlier plans and how some reflected changed priorities and approaches after a new Board of Directors was installed. Ted then proceeded to outline the process for the next Reserve Plan as follows:

1. B&G Committee to list what planned projects/repairs were done and/or Postponed during last fiscal year.
2. Involves "Boots on the Ground" to review what needs to be done. In particular,

appropriate specialists and/or consultants will be engaged to confirm useful life evaluations of assets scheduled to be replaced or repaired over the next 12 to 24 months.

3. Solicit input and recommendations from AAM.
4. Obtain Reserve Plan Update from outside consultant, Association Reserves.

B&F Committee Function and Responsibility

Prior to the meeting Clayton had distributed a copy of the latest version of the B&F Committee Charter. (Copy enclosed). It describes in detail the functions, responsibilities and restrictions for the Committee. The Board of Directors, at its discretion, may make changes and/or assign additional tasks to the B&F Committee. The terms and conditions of the Charter are believed to be broad enough to allow the B&F Committee to function properly and to carry out its responsibilities in line with Board expectations.

The next Meeting Date

Friday, September 10, 2010 at 2:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:00 PM.

Enclosures: Agenda for B&F Committee Meeting on August 6, 2010;
Review of BCA Financials for May 2010;
Review of BCA Financials for June 2010;
B&F Committee Charter (Previously distributed to B&F members).

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
August 6, 2010 2:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on May 26, 2010.
2. Review the BCA Financial Statements prepared by AAM for May and June 2010.
3. Update status of recent investment at Mutual of Omaha Bank.
4. Review status of A/R collection efforts.
5. Discuss B&F Committee function and responsibility:
 - a. Collection of A/R
 - b. Financial management
 - c. Reserve fund analysis
 - d. Board expectations
 - e. Tracking major expenditures and operating expenses
 - f. Revision of B&F Committee Charter
6. Other Business.
7. Set next B&F Committee meeting date.
8. Adjourn.

Review of BCA Financials for May 2010

Comments: Operating Balances for the month at the Community Association Bank totaling a high of \$128,735 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC.

Balance Sheet Items: *Accounts Receivable* (A/R's) have declined from \$33,034 last month by \$6,746 to \$26,289. This amount is 97% higher than the amount of \$13,317 the year before. The total delinquent amount (due 90 days and more) decreased by \$850 to \$14,688 of which \$10,854 represent assessments (down by \$1,560).

GROWTH OF BELLASERA'S A/R's

Year	June 30	Sept. 30	Dec.31	Mar.31	Apr. 30	May 31
2008/9	\$1,855.42	\$2,575.72	\$8,019	\$8,001	12,208	13,317
2009/10	\$13,464.52	\$12,576.82	\$13,894	\$17,590	33,034	26,289
% of Dues	7 %	7 %	7%	9%	16%	13%
Increase	626%	388%	73%	120%	171%	97%

Income: 1% over budget due to fees, but needs to be adjusted for “shortfalls” in receipts of assessments, charges and fees which are captured in “Accounts Receivable”.

Salaries & Wages: 12.5% over budget due to payroll taxes + benefits.

Administrative & General: 26.2% over budget due to legal fees for clubhouse lease & collections.

Contract Services: 4% under budget due to variation in number of paydays.

Repairs & Maintenance: 53% under budget due to lesser repair & landscape needs.

Utilities: 32% under budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$66,373.30, an increase of \$9,270.44.

Replacement Reserve Account at Merrill Lynch:

As of April 30, 2010 the total balance as per AAM Statement is \$869,829 yielding overall 1.05% p.a. Of this amount \$230,000 were invested in CD's. (See table below).

Suggestion: To re-balance funds in Money Fund and Institutional Fund to increase yield of the cash of \$649,216 held at ML. The spread between the 2 funds is now .08%.

Next CD Maturity: September 3, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 5/31/10

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$230,000.00	3.87%	

Prepared by: Charles Schroeder, June 21, 2010

Review of BCA Financials for June 2010

Comments: Operating Balances for the month at the Community Association Bank totaling a high of \$146,961 (including the Petty Cash Account) were well within the current insurance limit of \$250,000 established by the FDIC.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have declined from \$26,289 last month by \$2,360 to \$23,929. This amount is 78% higher than the amount of \$13,465 the year before. However, month over month the total delinquent amount (due 90 days and more) increased by \$5,044 or 34% to \$19,688 of which \$15,513 represent assessments (up by \$4,659).

GROWTH OF BELLASERA'S A/R's

Year	June 30	Sept. 30	Dec.31	Mar.31	Apr. 30	May 31	June 30
2008/9	\$1,855.42	\$2,575.72	\$8,019	\$8,001	12,208	13,317	13,465
2009/10	\$13,464.52	\$12,576.82	\$13,894	\$17,590	33,034	26,289	23,929
% of ¼ Dues	7 %	7 %	7%	9%	16%	14%	13%
Increase	626%	388%	73%	120%	171%	97%	78%

Income: Over budget due to Legal, Social and Gate income connected to corresponding expenses; plus "Utilities Reimbursement" of \$638 for prepaid \$1,000 pool water bill.¹

Salaries & Wages: In line with budget.

Administrative & General: \$16,680 or 316.8% over budget due to collection fees (\$1,220), bad debt write offs (\$518),² Quick Pass payments (\$12,000), Internet connection to gate (\$1,750) and Office Expenses (\$658).

Contract Services: 3% under budget due to variation in number of paydays.

Repairs & Maintenance: 86% over budget due to various repairs & landscape work. YTD still within budget.

Utilities: 22% under budget.

Income Taxes: Final Estimated Taxes for FY 2009/2010 paid to IRS and State.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$54,302.69, a decrease of \$12,070.61.³

Replacement Reserve Account at Merrill Lynch:

As of June 30, 2010 the total balance as per AAM Statement is \$869,739 yielding overall 1.07% p.a. Of this amount \$230,000 were invested in CD's. (See table below).

Next CD Maturity: September 3, 2010, \$90,000.

BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 6/30/10

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$230,000.00	3.87%	

Prepared by: Charles Schroeder, July 19, 2010

¹ Amount should be returned to previously charged Reserve Account.

² AAM has established 2 new line items for bad debts: one for assessments and one for violations fees.

³ Mainly for *Quick Pass* expense of \$12,000.

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
September 10, 2010

PRESENT: Clayton Loiselle, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

GUESTS: Dennis Carson, President of BAC, and Viola Lanam, Community Manager, were available for the discussion of the BCA Accounts Receivable portion of the agenda.

The Budget & Finance Committee Meeting was called to order at 2:40 PM. A quorum was present.

Purpose of the Meeting

To review/approve the minutes of our last meeting (August 6, 2010) and to review the BCA Financial Statements for July 2010. Also to discuss process and progress of collection of outstanding Receivables. For additional topics see enclosed Meeting Agenda.

Process and Progress of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 8/31/2010 (copy enclosed). It gives the status of pending collection attempts broken down by the process used (small claims court or law suit). As of August 31, 2010 there are 11 cases pending involving receivables of \$500 and more totaling \$18,777 and 15 other cases totaling \$1,742 for a grand total of \$20,519. Viola Lanam confirmed that detailed guide lines for the *Small Claims Court* process are being followed that include specific actions, time lines and fee structures. The Committee agreed that it was still too early to judge results of the program and decided to continue to monitor the process.

Minutes of the August 6, 2010 B&F Committee Meeting

The Minutes of the August 6, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for July 2010

See attached copy of Review for details. The Review contains details of the new Money Market Account of \$250,000 established at Mutual of Omaha Bank's Community Association Banc currently yielding 1.3% p.a. and the investment of \$350,000 in CD's through MOB's CEDARS program. All of BCA's accounts at Mutual of Omaha are covered by FDIC insurance.

Reserve Plan for 2011/2012

Ted Dixon talked about the next Reserve Plan. The current and prior Fiscal Years will serve as base for the 2011/2012 Reserve Plan. The Building and Grounds Committee already has reviewed the Plan's component list and provided comments. (See copy enclosed).

Status of New Path Project

Chairman Loiselle informed the Committee that work on the two cell phone towers in Bellasera will begin next week and last about two weeks. The annual lease payment of \$6,366 has been received by the Community and will be recorded in a new *Income* line item in the financial statement.

The next Meeting Date

Thursday, October 21, 2010 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:50 PM.

Enclosures: Agenda for B&F Committee Meeting on September 10, 2010;
Review of BCA Financials for July 2010;
B&G Committee's Annual Reserve Review.
Summary of BCA's Accounts Receivable at 8/31/2010.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE
MEETING AGENDA
September 10, 2010 2:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on August 6, 2010.
2. Review the BCA Financial Statements prepared by AAM for July 2010.
3. Verbal review/update of progress on Collection of Accounts Receivable
4. Status of Reserve Fund investment at Mutual of Omaha Bank.
5. Comment on Reserve Study progress
6. Comment on New Path project status
7. Other Business.
8. Set next B&FCommittee meeting date.
9. Adjourn.

Review of BCA Financials for July 2010

Comments: Balances for the month in BCA's *NOW Account* at the Community Association Bank totaling a high of \$746,300 (including Reserve Funds awaiting investment and Petty Cash) were fully covered under FDIC's *Transaction Account Guarantee Program*. It should be noted that the temporary increase of the FDIC Deposit insurance limit to \$250,000 has been made permanent by the recently approved Financial Reform Bill. Just prior to the end of July a Money Market Account was established at Community Association Banc, a Division of Mutual of Omaha Bank (MOB), in the amount of \$250,000 and an additional investment of \$350,000 was made through MOB in three FDIC insured US banks by utilizing low-yielding cash at Merrill Lynch. The new FDIC insured investments helped yield a higher overall return of 1.65% vs. 1.07% in June, despite a continuing very low interest rate environment.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased from \$23,929 last month by \$4,464 to \$28,393. On the other hand this amount is 35% lower than the amount of \$43,469 the year before. Also the month over month total delinquent amount (due 90 days and more) decreased by \$3,205 or 16% to \$16,527 of which \$12,193 represent delinquent assessments (down by \$3,320).

GROWTH OF BELLASERA'S A/R's

Year	Apr. 30	May 31	Jun. 30	Jul. 31
2009/10	\$12,208	\$13,317	13,465	43,469
2010/11	\$33,034	\$26,289	23,929	28,393
% of ¼ Dues	18%	14%	13%	15%
YOY	171%	97%	78%	-35%

Income: Over budget \$1,530 mainly due to Legal, Insurance Reimbursements, Late Fees and Gate income connected to corresponding expenses.

Salaries & Wages: Slightly below budget.

Administrative & General: \$1,956 or 32% over budget due to collection fees (\$310), bad debt write offs (\$384), Postage & Copies (\$984) and Office Expenses (\$219).

Contract Services: 20% over budget due to extra paydays under Security Contract.

Repairs & Maintenance: 66% over budget due to various repairs & landscape work. Is it possible that some of the repair jobs belong to the prior fiscal year?

Utilities: 29% over budget due to greater use of A/C. Higher water bill probably related to pool project during last FY.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$47,857.90, a decrease of \$6,444.79.

Replacement Reserve Account at Merrill Lynch & Mutual of Omaha Bank:

As of July 31, 2010 the total balance as per AAM Statement is \$919,115 yielding overall 1.65% p.a. Of this amount \$580,000 were invested in CD's. (See table below).

Next CD Maturity: September 3, 2010, \$90,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 7/31/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
7-29-10	MOB-CDARS	\$350,000	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
Total		\$580,000.00	2.03%	

Prepared by: Charles Schroeder, August 22, 2010

bca
summary of ar at 8.31.10

summary	\$ amount	no. of accts.
accts. > \$500		
balance @ 6.30.10	22,113	15
net reductions/collections in excess of new charges	(4,233)	(6)
additions	897	2
balance @ 8.31.10	18,777	11
balance of all other accts	1,742	15
total ar balance 8.31.10	20,519	26

details of ar	balance at 8.31.10	no. of accts	since 1.01.10 atty/sc costs	collected on acct	comments
w/ atty	9,858	4	2,449	3,608	3 of 4 accts have payment agreements & scheduled trustee sales. appears bca has filed liens on the 3 props. 1 acct. defaulted on payment agreement.
small claims w/ aam	5,979	3	1,230	0	latest aam report has only 2 accts. Don't know status of 3rd acct.
no action yet	2,940	4	0		action required tbd
total of accts > \$500	18,777	11	3,679	3,608	
all other accts.	1,742	15			action required tbd
total ar balance	20,519	26	3,679	3,608	

**Buildings and Grounds
ANNUAL RESERVE REVIEW**

PREPARED: 9.01.10

#	ITEM NAME	Jul-09	Jul-10	ACTION ITEMS as of June 2010
	Clubhouse	\$ Est	\$ Est	
303	HVAC Units - replace			1) replace when broken 2) perform annual service check on HVAC in early spring and on Heating units in the fall. 3) AAM to engage engineer/contractor to provide a revised useful life estimate of equipment (HVACs, Water Heater, Water Softener in Clubhouse and Guard house) 4) Ensure warranty on equipment is in place
304	HVAC Condenser - replace A			
304	HVAC Condenser - replace B	3015		
305	HVAC Air Handlers - replace			
803	Water Heater - replace			
804	Water Softener - replace			
901	Carpet Floor -replace	6580		Current Board Project
903	Tile Floor - replace			AAM to review for severely cracked tiles and replace as needed
904	Room Partitian - replace			AAM to perform annual assessment
905	Furniture - replace (tables)			Board to assess need for repair or replacement (w/lighter weight stackables)
906	Stacking Chairs - replace			AAM to perform annual assessment for cleaning, repair, replacement
907	Furniture (lounge)- upholster			Current Board Project
908	Furniture (lounge) - replace			Current Board Project
912	Ceiling Fans		3476	Current Board Project
914	Window Blinds - replace			Current Board Project
915	Cabinetry - replace			Current Board Project
920	Cardio Treadmills - replace			AAM to ensure warranty is in place and annual service is performed
921	Cardio Trainers - replace			BnG to determine what equipment this is and recommend repair/replacement or changes to equipment choices
922	Cardio Machines - replace		16969	
923	Strength Machines - replace			
924	Free Weights - replace			AAM to get bids for replacement and/or recoating of free weights 1-10#
926	Kitchen - remodel			no action needed at this time
927	Kitchen Appliances - replace			no action needed at this time
930	Locker Rooms - remodel			no action needed at this time
934	Steam Rooms - retile			AAM to assess if needed
935	Steam Generator			AAM to ensure warranty is in place and annual service is performed
945	Telephone System - replace			no action needed at this time
1110	Clubhouse Interior - repaint			no action needed at this time
1115	Clubhouse Exterior - repaint			JUST COMPLETED IN JUNE '10
1301	Foam Roof - replace			1) repair when needed 2) perform annual service check in spring/fall 3) AAM to engage engineer/contractor to provide a revised useful life estimate of roof. 4) Ensure warranties are in place.
1302	Foam Roof - recoat			
1304	Metal Roof - repair			

**Buildings and Grounds
ANNUAL RESERVE REVIEW**

PREPARED: 9.01.10

POOL AREA			
503	Pool Fence - Replace		No action needed at this time.
1106	Pool Awning/Fence - Repaint	2215	AAM to determine if fence needs painting
1200	Pool Deck - Resurface	50213	Need assessment on condition of pool decking.
1201	Pool Deck - Seal/Repair		Completed in 2010
1202	Pool - Resurface (plaster)	21450	
1203	Pool - Resurface (pebble)		
1204	Pool - Resurface (Beach)	15575	
1205	Pool /Spa tile - replace		
1206	Spa - resurface		No action needed at this time.
1207	Patio Furniture - replace		
1208	Patio Furniture - recoat		No action needed at this time.
1209	Furniture Cushions - replace	20775	Replaced in August 2010
1215	Pool Shower - Retile		No action needed at this time.
1220	Pool Filters - replace (#1,3,4)		AAM currently working on proposal to replace pumps, filters and heaters. Will get expected life on new/old equipment once work is completed.
1220	Pool Filters - replace (#2)		
1222	Pool Heaters - Replace	12650	
1224	Pool Pumps - replace (#1,2)		
1224	Pool Pumps - replace (#3,4)	2850	
1230	Spa Filter - replace		
1232	Spa Heater - replace	2680	
1234	Spa Pumps - replace	2850	
RECREATION AREA			
201	Prkng Lot Asphlt - resurface		PMI has been contracted to prepare proposal on Parking Lot repairs and resurfacing
202	Prkng Lot Asphlt - seal/repair	3167	
320	Prkng Lot Lights - replace		No action needed at this time
422	Basketball Crt - resurface	4300	No action needed at this time
425	Basketball Lights - replace		No action needed at this time
430	Tennis Crts - Overlay		AAM to request contractor to assess condition and maintenance schedule
432	Tennis Crts - Resurface	17459	
434	Tennis Crts Fence - replace		No action needed at this time
435	Tennis Crt WndScrn - replace		No action needed at this time (replaced in 2009)
436	Tennis Lights - replace		No action needed at this time
1109	Tennis Fence - repaint		No action needed at this time

**Buildings and Grounds
ANNUAL RESERVE REVIEW**

PREPARED: 9.01.10

COMMON AREA			
103	Concrete Repair		BnG to prepare report of concrete repairs needed around community
201	Aspht - Resurface (#1,2,3)		Areas #2 and 3 were addressed in 2008 project. Area #1 (entrance to "T" Intersection) being addressed in 2010/11 as part of Parking Lot repaving
202	Aspht - Seal/Repair (#1)		
202	Aspht - Seal/Repair (#1,2,3)		
203	Aspt - Slurry Seal (#1,2,3)		
403	Mailboxes - replace		ok at this time
501	Stucco Walls - repair		BnG to review walls in community for repair (stone and stucco)
504	View Fence - Partial Replace		Ok at this time
505	Metal Rails - Replace		Ok at this time
704	Card Readers - Replace	10980	Ok at this time
705	Gate Operators (main)replace	15000	Ok at this time
705	Gate Operators (rear)replace		Ok at this time
710	Monuments - refurbish		Ok at this time
720	Grdhse Tile - replace		Ok at this time
721	Grdhse Cabinets-replace		Ok at this time
725	Grdhse Condenser-replace	3015	same as 303 - 804 above
726	Grdhse Air Handler-replace		
1003	Irrigation Controller - replace	17072	AAM to request contractor assess operability of watering system for whole community and then determine if controller needs replacement
1105	Stucco Walls - repaint		1) repair as needed 2) many walls repaired and painted in '09/'10
1107	View Fence - repaint		Ok at this time
1108	Metal Rails - repaint	4496	Repaint
1113	Vehicle Gates - repaint	2853	Repaint (include painting of mechanical boxes at back gate to match gate)
1114	Street Signs - repaint	7828	Repair as needed
1120	Grdhse Exterior - repaint		Ok at this time

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
October 21, 2010

PRESENT: Clayton Loisel, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

GUEST: Dennis Carson, President of BAC

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (September 10, 2010) and to review the BCA Financial Statements for August and September 2010. Also to discuss progress of collection of outstanding Receivables & other topics per enclosed Meeting Agenda.

Minutes of the September 10, 2010 B&F Committee Meeting

The Minutes of the September 10, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for August & September 2010

See attached copies of Reviews for details. The August review raised a question about the 4% increase in transfers to Reserves in the current budget. This was discussed during the budget process and was part of the recommendation of the B&F Committee. The notation in the review has been stricken accordingly. The September review raised a question about the size of the monthly cost of the *Quick Pass Contract*. (Community Manager responded Bill covered 77% of August and 100% of September). Also the \$5,379 excess of the monthly Water Bill is being investigated by the Community Manager. Tax Counselor Butler advised that BCA does not owe any Federal or State Income Taxes for FY 2009/2010 and that additional time has been requested for the filing of the respective tax returns. Clayton Loisel pointed out that B&F should see copies of the tax returns before they are approved by the Board and are sent out to avoid errors that happened in the past. B&F should review Butler's compilation/audit report as well.

Progress of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 9/30/2010 (copy enclosed). It gives the status of pending collection attempts broken down by the process used (small claims court or law suit). As of September 30, 2010 there are 10 cases pending involving receivables of \$500 and more totaling \$17,757 and 15 other cases totaling \$1,014 for a grand total of \$18,771. Overall collection efforts have shown good success and several payment agreements have been established. There are law firms specializing in the collection of delinquent HOA dues who have offered to work for the association for a low fixed rate. B&F thought it would be a very good idea to invite an attorney recommended by AAM to make a presentation to BCA of what they can do to assist BCA in the collection of delinquent receivables.

Information / Update of Reserve Fund Investment at Mutual of Omaha Bank

The Committee discussed the expiration of the current FDIC *Transaction Account Guarantee Program* and the consequences it would have for Bellasera's Reserve Fund Investments if the program was not extended. Ted Dixon suggested that B&F develop an emergency plan of meeting promptly to recommend alternatives to our current investment plan to the Board prior to the fast arriving holiday season. Charles Schroeder was asked to get in contact with Manny San Miguel, Regional Executive of MOB, to find out the status of the FDIC's *Transaction Account Guarantee Program*. In the meantime, Charles has confirmed with Manny San Miguel that this program has been extended for two years to December 31, 2012 and that MOB is continuing its participation in the program as well. Charles has also obtained confirmation of this fact from FDIC directly. After the maturity of a \$90,000 CD on 11/12/2010 there will be \$425,000 in cash in BCA's Reserve Account at Merrill Lynch, a portion of which will be available for investment in CD's.

Reserve Plan for 2011/2012

Ted Dixon said that we are still awaiting answers and information from various experts and AAM with regard to a list of potential action items on B&G Committee's Review of various Reserve Study components. The Committee also discussed the necessity of obtaining improved responses from potential vendors for services and contract work. Here Carlton Rooks suggested that AAM, based on their experience with other HOA's, could be helpful in drafting *Requests of Information* (RFI's) and *Requests for Proposals* (RFP's) and other forms aiding in collecting information for *Scope of Work* for our RFI's and RFP's. The Committee felt AAM should be asked for assistance.

The next Meeting Date

Thursday, December 9, 2010 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:15 PM.

Enclosures: Agenda for B&F Committee Meeting on October 21, 2010;
Review of BCA Financials for August 2010;
Review of BCA Financials for September 2010;
Summary of BCA's Accounts Receivable at 9/30/2010.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
October 21, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on September 10, 2010.
2. Review the BCA Financial Statements prepared by AAM for August & September 2010.
3. Review/update of progress on Collection of Accounts Receivable.
4. Discuss alternative collection processes/attorneys.
5. Information/update of Reserve Fund investment at Mutual of Omaha Bank.
6. Start discussion of next Reserve Fund investment (amount, timing, placement).
7. Status of specific asset reports (physical condition, replacement costs, etc.).
8. New Business.
9. Set next B&FCommittee meeting date/time.
10. Adjourn.

Review of BCA Financials for August 2010

Comments: All of Bellasera's funds deposited with Mutual of Omaha Bank (Operating Funds of \$109,698.19 and Reserve Funds of \$600,618.08) are insured by the FDIC under various programs.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have declined from \$28,393 the month before by \$7,784 to \$20,609. This amount is only 9% higher than the amount of \$18,901 the year before. August delinquencies were already discussed during the B&F Committee Meeting on 9/10/2010.¹

GROWTH OF BELLASERA'S A/R's

Year	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31
2009/10	\$12,208	\$13,317	\$13,465	\$43,469	\$18,901
2010/11	\$33,034	\$26,289	\$23,929	\$28,393	\$20,609
% of ¼ Dues	18%	14%	13%	15%	11%
YOY	171%	97%	78%	-35%	9%

Income: Over budget \$733 mainly due to Legal, Late Fees and Gate income connected to corresponding expenses.

Salaries & Wages: Slightly below budget.

Administrative & General: \$1,386 or 19% under budget.

Contract Services: 5% under budget.

Repairs & Maintenance: 33% over budget due to tree pruning scheduled at different time of year.

Utilities: 17% under budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$52,400.79, a decrease of \$1,801.90.

Replacement Reserve Account at Merrill Lynch & Mutual of Omaha Bank:

As of August 31, 2010 the total balance as per AAM Statement is \$920,419 yielding overall 1.65% p.a. Of this amount \$580,263 were invested in CD's. (See table below).

Next CD Maturity: September 3, 2010, \$90,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 8/31/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-25-08	National City	\$90,000	4.05%	9-3-2010
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
7-29-10	MOB-CDARS	\$350,263	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$580,263.00	2.03%	

Prepared by: Charles Schroeder, October 17, 2010

¹ See Minutes of B&F Committee Meeting on 9/10/2010 previously distributed.

Review of BCA Financials for September 2010

Comments: All of Bellasera's funds deposited with Mutual of Omaha Bank (Operating Funds of \$140,553.17 and Reserve Funds of \$601,122.61) are insured by the FDIC under various programs.

Noted that the expense for the *Quick Pass Contract* is \$2,613.79 which is substantially above the monthly fee of \$2,000 mentioned in pre-contract discussions. Is this correct? The September Water Bill exceeds the budget by \$5,379 or 472%! AAM is investigating a bill of \$2,600, however, there is a second bill, paid on 9/20/2010, that needs to be looked at as well of \$3,113. I did not find this bill among the paid bills. AAM's *Monthly Water Usage Table* shows that usage was 408% higher than a year ago!

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have declined from \$20,609 the month before by \$1,838 to \$18,771. However, this amount is 49% higher than the amount of \$12,577 the year before. The total of delinquent quarterly assessments stands at \$11,307.

GROWTH OF BELLASERA'S A/R's

Year	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sep. 30
2009/10	\$12,208	\$13,317	13,465	43,469	18,9001	12,577
2010/11	\$33,034	\$26,289	23,929	28,393	20,609	18,771
% of ¼ Dues	18%	14%	13%	15%	11%	10
YOY	171%	97%	78%	-35%	9%	49%

Income: Over budget \$5,531 mainly due to receipt of \$6,366 Annual Lease of Cell Towers.

Salaries & Wages: In line with budget.

Administrative & General: : In line with budget despite overages in Collection, Legal & Consulting Fees.

Contract Services: 7% under budget.

Repairs & Maintenance: 42% over budget due mainly to HVAC repairs of \$2,416.

Utilities: 113% over budget mainly due to large water bill (see above comments).

Income Taxes: Apparently, none due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$50,791.57, a decrease of \$1,684.12.

Replacement Reserve Account at Merrill Lynch & Mutual of Omaha Bank:

As of September 30, 2010 the total balance as per AAM Statement is \$921,392 yielding overall 1.25% p.a. Of this amount \$490,502 were invested in CD's. (See table below).

Next CD Maturity: November 12, 2010, \$90,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 9/30/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
11-03-08	Amexco FSB	\$90,000	4.25%	11-12-2010
7-29-10	MOB-CDARS	\$350,502	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000	2.85%	1-30-2012
	Total	\$490,502.00	1.66%	

Prepared by: Charles Schroeder, October 18, 2010

bca
summary of ar at 9.30.10

summary	q1 fy 2010-11		fye 6.30.10	
	amt.	# accts.	amt	# accts
accts. > \$500				
balance @ 6.30.10			22,113	15
new accts. added	558	1		
billings/ (collections)-net			(4,914)	-6
balance of accts > \$500 @ 9.30.10				
total of \$17,757 w/ 10 accts.	558	1	17,199	9

details of ar	balance	no. of	since 1.01.10		comments					
			att/other	collected						
accts > \$500	at 9.30.10	accts	costs	on acct						
w/ atty	9,633	4	2,624	4,008	3 accts (\$5,834) have pmt agreements. Mo. pmts. are \$500.					
					payments are current.					
small claims w/ aam	5,523	3	1,230	1,368	1 acct. (\$3,799). Have judgment. Investigator hired to get bank info					
					1 acct (\$1,447) making qtr pmt of \$456. current.					
no action yet	2,601	3	45		1 acct (\$2,565). Judgment to recorder. 1 acct (\$1,511) closed???					
					action required tbd					
total of accts > \$500	17,757	10	3,899	5,376						
all other accts.	1,014	??			action required tbd					
total ar balance	18,771		3,899	5,376						

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
December 9, 2010

PRESENT: Clayton Loisel, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

The Budget & Finance Committee Meeting was called to order at 1:30 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (October 21, 2010) and to review the BCA Financial Statements for October 2010. Also to discuss the new Financial Reform Law and its impact as well as to review the progress of collection of outstanding receivables. For other topics see enclosed Meeting Agenda.

Minutes of the October 21, 2010 B&F Committee Meeting

The Minutes of the October 21, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for October 2010

See attached copy of Review for details. Notably A/R's reflected a spike of \$7,385 or 39% vs. the prior month. It seems to be related to assessments arriving late. More about delinquent payments further down. – Unspecified electrical repairs exceeded the budget by 20%. (Viola Lanam, during the Board meeting later that day, provided details). The main water leak has been located and fixed, but one or two leaks still exist and need to be located. Bellasera did not owe any income taxes on the due dates in September and October and the filing of the respective returns had been deferred. The B&F Committee would like to receive copies of the returns once filed.

Impact of New Dodd-Frank Act (Financial Reform Law)

Just before our scheduled Committee Meeting we were informed that the *FDIC's Transaction Account Guarantee Program* (TAG) which included interest bearing accounts will be terminated on 12/31/2010 and replaced by FDIC's full insurance coverage of unlimited balances in **non-interest bearing** transaction accounts until 12/31/2012. (Copy by Mutual of Omaha Bank previously provided). The result is that BCA has to convert its current interest bearing transaction account (NOW account) to a non-interest bearing transaction account. The Committee drafted a resolution and recommended it to be adopted by the Board. (Copy enclosed). (The Board adopted the resolution during its meeting later that day.) As the result of the new law BCA will have to make additional decisions as to the investment of its Reserve Fund cash and B&F will work to come up with recommendations on how and where soon.

Progress of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 10/31/2010 (copy previously provided). It gives the status of pending collection attempts broken down by the process used (small claims court or law suit). As of October 31, 2010 there are 22 cases pending involving receivables of \$500 and more totaling \$25,557 and 7 other cases totaling

\$381 for a grand total of \$25,938. So far this year \$5,376 have been collected from 7 accounts. In 7 other cases collection action has yet to begin. BCA has an existing collection policy which was designed more than 10 years ago and may need some revisions. The Committee is ready to assist the Board in this effort. In the current economic/financial environment it is important to be able to act quickly in securing collectable assets. (In the meantime the Committee has received copies of the current policy and will be reviewing it). Discussed was also the issue who would be the best entity to perform collections once a court judgement has been received. Cost efficiency and success rate need to be weighed. A law firm specializing in collections may be the answer.

The Committee also discussed the re-introduction of a line item called *Bad Debt* in the budget for the next fiscal year. The line item would contain uncollectable assessments and fees due BCA.

Paul Snyder will update his A/R report when the new November financials arrive.

Reserve Plan for 2011/2012

The Committee stands ready to assist in the gathering of key component information to be provided to the Reserve Plan consultant at the beginning of his report. Examples would be data on larger components such as repair and replacement needs for roads and air-conditioning. Meetings in the middle of January are planned for this purpose.

The BCA Compilation Report as of 6-30-2010

The Committee agreed on the comments prepared by Clayton with regard to several statements made by the author of the report. (Copy enclosed). Rather than having the accountant change some of his comments it was suggested that the best way to solve the problem would be to have the Board write an acknowledgement of the report and point out some facts as they relate to BCA, e.g., mention the low level of delinquencies, clarify that BCA does not owe any taxes and that by 7/31/2010 a large amount of cash previously held at ML had been invested with other banks under FDIC insurance. This Board acknowledgement would then form one package with the compilation report.

The next Meeting Date

Thursday, January 20, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 3:30 PM.

Enclosures: Agenda for B&F Committee Meeting on December 9, 2010;
Review of BCA Financials for October 2010;
Summary of BCA's Accounts Receivable at 10/31/2010, provided before;
Mutual of Omaha Bank E-Mail on FDIC insurance changes, provided before;
B&F Committee Recommended Board Resolution to convert Account;
Commentary prepared by Clayton on BCA Compilation Report as of 6/30/2010.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
December 9, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on October 21, 2010.
2. Review the BCA Financial Statements prepared by AAM for October 2010.
3. Impact of New Dodd-Frank Act.
4. Review Accounts Receivable status and discuss potential write-offs.
5. Progress on preparation of new Reserve Fund Report.
6. Review Reserve Fund investment strategy in today's dynamic financial market.
7. Other Business.
8. Set next B&FCommittee meeting date/time.
9. Adjourn.

Review of BCA Financials for October 2010

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$200,195.23 (high point) and Reserve Funds of \$601,644.42) are insured by the FDIC under various programs.

Balance Sheet Items: Most likely due to late payments of dues *Accounts Receivable* (A/R's) as a whole have increased from \$18,771 the month before by \$7,385 to \$26,156. This amount is 19% higher than the amount of \$22,063 a year ago. The total of delinquent (90 days +) quarterly assessments stands at \$9,296, a decline of \$2,011 from September.

GROWTH OF BELLASERA'S A/R's

Year	Apr. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sep. 30	Oct. 31
2009/10	\$12,208	\$13,317	13,465	43,469	18,9001	12,577	22,063
2010/11	\$33,034	\$26,289	23,929	28,393	20,609	18,771	26,156
% of ¼ Dues	18%	14%	13%	15%	11%	10	14%
YOY	171%	97%	78%	-35%	9%	49%	19%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : In line with budget.

Contract Services: 6% under budget.

Repairs & Maintenance: 20% over budget due mainly to unspecified electrical repairs.

Utilities: 15% under budget with water bill overage down to \$614. Looks like the big leak has been fixed.

Income Taxes: None due this month. B&F Committee needs copy of tax return when ready.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$51,162, a increase of \$370.43.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of October 31, 2010 the total balance as per AAM Statement is \$971,826 yielding overall 1.2% p.a. Of this amount \$490,749 were invested in CD's. (See table below).

Next CD Maturity: November 12, 2010, \$90,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 10/31/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
11-03-08	Amexco FSB	\$90,000.00	4.25%	11-12-2010
7-29-10	MOB-CDARS	\$350,749.69	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$490,749.69	1.66%	

Prepared by: Charles Schroeder, November 18, 2010

DRAFT

Bellasera Community Association Board of Directors Resolution December 9, 2010

WHEREAS the Bellasera Community Association (“BCA”) currently has a significant banking relationship with Mutual of Omaha Bank (“MOB”) which includes a transaction account, a petty cash account, a money market account, and a Certificate of Deposit Account Registry Service (“CDARS”) account, and

WHEREAS MOB currently participates in the Transaction Guarantee Program which will terminate on December 31, 2010. (This program provided unlimited FDIC insurance on BCA’s transaction account.)

WHEREAS The Dodd-Frank Act (signed into law on July 21, 2010) provides for unlimited FDIC insurance on all non-interest bearing, transaction bank accounts from December 31, 2010 to December 31, 2012.

WHEREAS BCA’s current transaction account at MOB does **NOT** qualify for unlimited FDIC insurance under the Dodd-Frank Act.

NOW THEREFORE BE IT RESOLVED THAT

The President and/or the Treasurer of the Association are authorized and directed to convert the existing transaction account¹ at MOB # 50543943 into a non-interest bearing transaction account as is necessary to ensure continued unlimited FDIC transaction account insurance as provided under the Dodd-Frank Act.

¹ BCA’s transaction account balance (i.e. NOW account to be converted) is \$150,096.15 as of December 9, 2010.

Bellasera Community Association, Inc.
Financial Statement Commentary
November 25, 2010

We recognize that an external review of the Bellasera Community Association's ("BCA") financial statement is required and that it is to be independent. However, in our reading of the review dated June 30, 2010, there appears to be several areas where the language is misleading and does not fairly represent the state of BCA's financial condition. Following are specific areas which were identified by members of the Budget & Finance Committee ("BFC"):

Note 3 – Accounts Receivable

The review correctly identifies the Bad Debt Expense (\$518) and the accounts receivable (\$19,732). We have been closely monitoring the accounts receivable for several months and we have initiated collection proceedings against several delinquent residents. Approximately 30% of these accounts are currently addressed in some form of "payment plan" which continue to recover a portion of the amounts owed to BCA. It is highly unlikely that we will recover 100% of the \$19,732. Therefore, it would be appropriate for BFC to recommend that some portion thereof be written off. This will negatively impact the Operating Fund Owner's Equity Account.

Note 5 – Concentrations

The first paragraph implies that we are at unusual risk of loss because of our concentration of geographic risk. This is not a fair representation. Bellasera is a well-established community in a desirable north Scottsdale location. BCA has been successfully operating for ten years (+/-) and during that time, BCA common assets have been well maintained and a substantial reserve fund has been accumulated to pay for current and future major repair / replacement items. Our residents consist of a broad mix – working families, retirees and part-time residents. If one considers the underlying revenue base, our geographic concentration most likely plays to our advantage. One should also consider that our accounts receivable are only about 2.5% of our annual revenues – this is commendable given the current nation-wide problems in the housing market.

Paragraph three states that cash in BCA's brokerage account is covered by Securities Investor Protection Corporation. I wish to clarify that cash held at Merrill Lynch was invested in two separate money market accounts which were not FDIC insured. These funds are typically invested in a variety of highly liquid, diverse, short-term commercial paper. It is my understanding that each of these funds was, in fact, a separate corporate entity which was distinct from ML. Our position remains that credit quality and diversification of these funds adequately compensates for the lack of FDIC insurance. NOTE: The compilation report dated June 30, 2010 (external review of BCA financial statements) was signed on August 6, 2010. As of July 31, 2010, BCA reserve funds held at ML totalled \$319,017 of which \$230,000 were invested in Bank CD's which were FDIC insured.

Note 6 – Income Taxes

BCA does **NOT** owe taxes. Due to overpayments in the prior fiscal year (ending FY 2009), as of June 30, 2010, BCA had overpaid Federal taxes by \$847 and Arizona State taxes by \$601. The balance sheet prepared by AAM (specifically the Accounts Payable of \$21,155) correctly does not indicate any taxes payable as of June 30, 2010. There were probably taxes due during the Fiscal Year ending June 30, 2010 but the prior overpayments were more than adequate to cover these amounts.

Note 7 – Future Major repairs and Replacements

Comments in the review imply that the BCA Reserve Fund is somehow inadequate and that there may be future need to increase regular assessments and / or levy special assessments. The referenced Reserve Study, dated March 3, 2009, was structured on a thirty-year basis which assumed ongoing contributions increasing by small amounts over that period such that the Percent Funded metric progressively increases toward 100%. A major consideration in this plan is that the year-to-year Reserve Fund balances must be greater than the year's projected cash requirements. This is specifically intended to reduce the risk of a special assessment. The referenced Reserve Study also includes a inflation factor which is applied in a compound calculation to the estimated cost of various asset repairs and / or replacement. Although there are no hard and fast measures, the BCA Reserve Fund is in BFC's judgment appropriately funded and managed.