

# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **January 30, 2009**

**PRESENT:** Clayton Loisel, Carlton Rooks and Charles Schroeder

**ABSENT:** Dennis Noone

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

#### **Purpose of the Meeting**

To review and approve the B&F Committee Meeting Minutes of December 19, 2008. As well as to review the December 2008 Financial Reports of BCA and to discuss other matters as outlined in the enclosed *Meeting Agenda*.

#### **Minutes of the December 19, 2008 B&F Committee Meeting**

The Minutes of the December 19, 2008 B&F Committee meeting were reviewed and unanimously approved as amended.

#### **Review of BCA Financials for December 2008**

See attached copy of the review for details. Operating Cash balances in BCA's accounts at Community Association Bank (a Division of Mutual of Omaha Bank) remained comfortably within the FDIC insured limit during the month under review. The Committee discussed the fact that *Owners' Operating Equity* remained **negative** by \$2,987 at the end of December. The main factor responsible for this is that AAM's accounting system divides the quarterly received dues income into monthly installments while transfers to Reserves occur at the beginning of the quarter in a lump-sum to maximize interest income. A key component of BCA's expenses is *Repairs & Maintenance* which reached a level of 56% over budget YTD. Consideration should be given to fund the charge for Roof Repair of \$4,948 from the Reserve Account. Also a review of the replacement procedure/sourcing for Gate Transmitters may offer relief of the budget strain.

#### **BCA Reserve Fund Investments**

An additional investment of \$50,000 in a FDIC insured CD approved by the Board last November was made on January 22, 2009 at a rate of 2.85% (unfortunately, much lower than it would have been in November). The total of insured CD investments is now \$500,000 and is earning interest of 3.77% or \$18,850 per year.

#### **BCA Budget Preparation for FY 2009/2010**

Viola Lanam made good progress and provided a budget outline with several key line items filled in based on AAM's accrual budget template and also noted additional information regarding the status of various BCA vendor contracts (Information enclosed). The committee will have working sessions beginning February 6, 2009. Viola will join

and besides B&G other committees will be invited and/or will be asked to inform B&F about their input/needs. Clayton will ask Viola to add two columns to the draft budget outline: 1) totals of prior fiscal year line items and 2) YTD totals of current fiscal year line items to enhance comparability and bring along available line item narratives to our next meeting.

**Status of BCA Reserve Budget for FY 2009/2010**

Viola also provided a budget outline for the Reserve Budget. The Board has contracted the consultant and turned over to him the latest BCA financial data. Chuck Roach has summarized the Reserve Plan changes for the new fiscal year (Copy attached). The report by the reserve study consultant is expected to be ready in about 5 weeks and will include the data from the road study update prepared by PMIS.

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

**The next meeting date:** Friday, February 6, 2009 at 2:30 PM at the Clubhouse.

**Enclosures:** Meeting Agenda for B&F Committee Meeting on 1/30/2008;  
Review of BCA Financials for December 2008;  
Line item information provided by Viola Lanam;  
Reserve Plan Changes provided by Chuck Roach.

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 for January 30, 2009**

1. Review / approve minutes of our last meeting (December 19, 2008)
2. Review BCA Financial Statements for December 2008
3. Viola Lanam's Draft Budget Preparation for FY 2009/2010
4. Status of Reserve Budget for FY 2009/2010
5. Unfinished Business – Investment of Reserve Funds
6. New Business
7. Next Meeting Date

## Review of BCA Financials for December 2008

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$72,299 were comfortably within the insurance level established by the FDIC. Various Repair Bills are the reason that overall expenses are \$13,158 (29%) over budget this month. Consideration should be given to charge the Roof Repair (\$4,948) to the Reserve Fund and to pursue a less costly way of replacing expired Gate Transmitters (\$4,286) e.g., along the lines proposed by Clayton Loiselle.

On 11/13,2008 the B&F Committee recommended to invest \$50,000 of BCA's Reserve Funds for a period of 3-4 years and the Board approved the proposal shortly thereafter, however, the purchase of a 3 year Certificate of Deposit was only executed on 1/22/2009 at a rate of 2.85% missing out on an "Window" at Merrill Lynch that was open at least until 11/19/2008 to earn 4.4%.

**Income:** Slightly above budget.

**Salaries & Wages:** In line with budget.

**Administrative & General:** In line with budget.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** 56% over budget YTD. (See my comments above).

**Utilities:** Under budget by 23% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget. An insurance policy premium increase became effective last April.

**Owners' Equity:** Operating Owners' Equity remains **negative** at the end of December 2008 at (\$2,987) as per Balance Sheet prepared by AAM.

### **Replacement Reserve Account at Merrill Lynch:**

As of December 31, 2008 the total balance is \$802,461 yielding 2.98% p.a. interest vs. 3.33% p.a. in November. Of this amount \$450,000 were invested in CD's.(See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 1/23/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder

January 23, 2009

## Budget Line Item Information FY 2009-2010

Attached is the budget. Not all of the figures are inserted at this point. This is being prepared on AAM's accrual budget template.

I have added tow line items; 5305 Common Area Maintenance

and 5385 Water softener/salt

and changed 5553 Miscellaneous contract to 5564 Indoor Plant Maintenance

Regarding the line items:

4109 Gate/key income – over the last 12 months \$4230 has been collected; however, this trend probably will not continue so I left it as it was last year

4165 Interest – over the last 12 months \$3300 was earned or \$275 per month down from \$5857 collected during fiscal year of Jul 07-June 08

Contract services

5510 Cable: \$232.49 in November increase to \$240.94 in December – increased line item by 5% to \$250/month

5513 Security: Rate remains

5514 Gate Was 396 – increased to \$416.47 in October

5515 Exterminating Will not increase rates unless absolutely has to and then it will be a fuel surcharge which he will be able to drop at any time

5520 Trash Increased slightly and will again in May

5522 Janitorial We haven't made contact yet – As this always varies increased it by 5% to \$1785 as social committee appears to be having more events

5530 Management No change

5524.001 – Recreation Equipment at this point no change – they have not returned my call

5525 – Landscape No change

5532 – Pool/spa No change

5564 – Indoor Plants Haven't returned our call – began charging a fuel surcharge of \$10 in July – budgeting at \$130 for now

**Viola Lanam, CAAM**

## **Reserve Plan Changes for FY 2009-2010**

As indicated, our only major project remaining for the year is the view fence painting. Please note the following changes to the plan from our last update:

- + 920 & 921--Cardio treadmills and trainers were replaced in 2007. I will send the financials for that year under separate cover.
- + 922--We have no plans to replace cardio machines in 2009. Please push to 2010.
- + 1204--Pool Resurface (Beach)--This was not done in 2007 or 2008. Push to 2009.
- + 1226 & 1227--Fountain Pump--This was made into a planter. Remove from Study altogether.
- + 435--Tennis Windscreen--This was replaced in 2007. Leave future replacement dates unchanged.
- + 1302--Foam Roof-Recoat--This was done in 2008 with a 5 year warranty.
- + 432--Tennis Court Resurface--This was done in 2008. Please add another resurfacing for 2011. Leave future plans as is.
- + 202--Asphalt-Seal/Repair--Both Sections 2&3 were done in 2008. See Tom's (PMIS) updated report for future plans and costs.
- + 1107&1105--Stucco Walls and View Fence--These need to be on a 5 year cycle and done in the same year. Please schedule all future years accordingly. For the next date, the stucco walls will have a 6 year life and the view fence 5.

Chuck Roach

# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **May 1, 2009**

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

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

#### **Purpose of the Meeting**

To welcome the new Treasurer of the Bellasera Community Association and to review and approve the B&F Committee Meeting Minutes of January 30, 2009 as well as to review the January, February and March 2009 Financial Reports of BCA and to discuss other matters as outlined in the enclosed copies of the *Meeting Agenda* and *Discussion Points*.

#### **Minutes of the January 30, 2009 B&F Committee Meeting**

The Minutes of the January 30, 2009 B&F Committee meeting were reviewed and unanimously approved.

#### **Review of BCA Financials for January and February 2009**

See attached copies of the reviews for details. Copies of the reviews had previously been distributed and contained notations and recommendations about accounting actions taken that since have been adjusted. The Committee approved the reviews.

#### **Review of BCA Financials for March 2009**

See attached copy of review. Notable were the YTD \$6,203 over budget amount of *Postage & Copies*. More detailed information - as to why - is needed. The same is true of *Repairs & Maintenance* which is over budget YTD by \$23,821. The overages have contributed to the decline in *Owners' Equity* (OE) which was negative at the end of March (-\$4,143) while, historically, the OE target level had been at 2-3 times the variable monthly expenses or at least \$40,000.

#### **BCA B&F Committee Function & Interaction with Treasurer, Board & AAM**

The Committee discussed its current functions and activities as well as lines of communication with Ted Dixon. In the past, the Committee also was involved in the development of the annual update of the Reserve Plan similar to the Budget process. Thus it seems appropriate to include the B&F Committee, especially, as we have the software to run "what if" scenarios among others and assist in the job. The Committee would like to target an additional member to assure a quorum when critical meetings are scheduled. Ted plans to meet with Chuck Roach to discuss some of these points.

### **BCA Fixed Price Contracts**

The Committee would like to know the details of the just received \$80,000 Landscape Contract. This will help to better control our operating costs.

### **BCA Banking & Investment Structure**

The community currently maintains accounts at the Mutual of Omaha Bank and Merrill Lynch (now part of Bank of America) and the question of combining balances in one institution to maximize returns was raised. The Committee felt this issue should be revisited later this year when the subject TARP funds and the raising of required capital were resolved and met. It is desirable to get an update from Merrill Lynch (ML) and to introduce Ted to our contacts there. Charles will find out if Christopher Gale, VP of ML can join us at our next meeting. (At time of distribution, he has agreed to meet with us on Thursday, May 28<sup>th</sup>).

### **Data Analysis and Presentation**

The Committee is trying to find out whether or not AAM can attach to its monthly financial report a graphics page that would make BCA's financial condition easier to understand for members of the Board and other interested persons. B&F is willing to assist in finding a solution.

### **Other Business**

BCA has acquired a new Tennis Ball Machine for \$1,600 and the question arose how to account for it. Since the machine does not have a "determinable useful life" and its cost is below the minimum threshold for Reserve Plan Components of \$2,000 it should be accounted for in the OPS budget under account #5312.01 *Recreation Equipment Repairs*. (Ted Dixon has already communicated this information to Viola Lanam).

There being no other business to attend to the meeting was adjourned at 4:45 PM.

**The next meeting date:** Thursday, May 28, 2009 at 2:30 PM at the Clubhouse (changed from originally Friday the 29<sup>th</sup> to accommodate the visit of Chris Gale, VP of Merrill Lynch).

**Enclosures:** Meeting Agenda for B&F Committee Meeting on 5/1/2009;  
"Discussion Points" by Clayton Loiselle;  
Reviews of BCA Financials for January, February & March 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 Agenda for May 1, 2009**

1. Review / approve minutes of our last regular meeting (January 30, 2009)
2. Review BCA Financial Statements for January, February and March 2009
3. Discuss B&F Committee function and relationship with our new Treasurer, the Board & AAM
4. Discuss BCA fixed price contracts etc.
5. BCA banking & investment structure and accounts at Mutual of Omaha Bank, Merrill/B of A.
6. Data analysis and presentation
7. B&F Committee size etc.
8. Other business
9. Next Meeting Date

## Discussion points

(for B&F Committee Meeting on May 1, 2009)

- ❖ Discuss B&F Committee function and relationship with our new Treasurer, the Board, and AAM.
- ❖ Discuss BCA fixed price contracts...particularly, landscaping which was recently re-bid at an even higher price than our current arrangement. I don't wish to preempt any other committee functions but I would like to at least give some thought to any global ideas that we might have for better controlling our operating costs.
- ❖ BCA banking and investment structure.... specifically, operating accounts have been taken over by the Mutual of Omaha Bank and Merrill Lynch which is now owned by B of A (i.e., almost the Federal government). Should we give any consideration to restructuring our accounts? Would there be any synergistic advantage? Do we have any unusual exposure issues?
- ❖ Discuss Reserve Fund investment strategy. We probably should take another look at the Reserve Fund cash flow projections and, at least, consider our FDIC insured CD portfolio. Do we need to increase or decrease or make any adjustments?
- ❖ Data analysis and presentation. We have a lot of financial data provided by AAM and analyzed by Charles. I would like to think that we could find a way to better present this information in a more "user friendly" format for the Board. If you agree, what should we try to develop?
- ❖ B&F Committee size. For the last few years, we have functioned as "los tres caballeros". Personally, I think that we work well together and that our diverse backgrounds and personalities provide a dynamic mix of skills and we are (if I may blow our own horn) usually correct in our positions. Do we want to seek out some new blood? Or, should we continue as we are?

Clayton Loisel

## Review of BCA Financials for January 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$81,227 (including the Petty Cash Account) were comfortably within the insurance level established by the FDIC.

**Income:** Slightly above budget.

**Salaries & Wages:** The Accounting Dept. of AAM has established an additional line item: *Payroll Taxes & Benefits* with an expense of \$722. This line item is unnecessary and should be combined with *Salaries & Wages*. The amount adds to the salary overage of \$760 to a total of \$1,482 or 74% over budget for the month. A more detailed explanation is needed as to why.

**Administrative & General:** Overage due to Social Event & Reserve Plan Update.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** Under budget for the month but **82%** over budget YTD.

**Utilities:** Under budget by 18% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget. An insurance policy premium increase became effective last April.

**Owners' Equity:** Operating Owners' Equity now **positive** at the end of January 2009 at \$19,002 as per Balance Sheet prepared by AAM.

### **Replacement Reserve Account at Merrill Lynch:**

As of January 30, 2008 the total balance is \$856,041 yielding 2.73% p.a. interest vs. 2.98% p.a. in December. Of this amount \$500,000 were invested in CD's. (See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 1/30/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder  
March 17, 2009

## Review of BCA Financials for February 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$56,239 (including the Petty Cash Account) were comfortably within the insurance level established by the FDIC. During the month five checks were written against BCA's Reserve Account totaling \$79,636 including a check for road work for \$70,626 plus smaller checks for AT&T, JJ In & Out Service, the Pool Wizard and BCA . The latter 4 checks should probably have been written against the BCA Operating Account. Incidentally none of this activity is recorded in this month's *Reserve Statement*.

**Income:** Slightly above budget.

**Salaries & Wages:** Last month the Accounting Dept. of AAM had established an additional line item: *Payroll Taxes & Benefits* with an expense of \$722. This line item has now been combined with *Salaries & Wages* as is appropriate. As a result the line item is over budget for the month, but only \$244 YTD or 1.3%.

**Administrative & General:** Overage of \$2,506 or 63% for the month due mainly to tax & benefit payments related to salaries and early payment of State Income Tax as well as a 108% overage in *Postage & Copies*.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** Over budget for the month due to Steam room repairs and 76% over budget YTD.

**Utilities:** Under budget by 16% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget. An insurance policy premium increase became effective last April. Premium is paid annually but accounted for monthly.

**Owners' Equity:** Operating Owners' Equity now **negative** again at the end of February 2009 at (\$17,804) as per Balance Sheet prepared by AAM.

### **Replacement Reserve Account at Merrill Lynch:**

As of February 28, 2008 the total balance is \$782,179 yielding 2.69% p.a. interest vs. 2.73% p.a. in January. Of this amount \$500,000 were invested in CD's.(See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 2/28/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder

March 18, 2009

## Review of BCA Financials for March 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$61,239 (including the Petty Cash Account) were comfortably within the insurance level established by the FDIC .

**Income:** Slightly under budget. Please note: The YTD Variance Report treats positive variances of the *Income* Section as if they were expenses. This should be reversed!

**Salaries & Wages:** Under budget as is YTD.

**Administrative & General:** With the exception of *Postage & Copies* which is \$6,203 over budget YTD, this category is in line with the budget.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** Over budget for the month due to unbudgeted *FireMonitoring Repairs* of \$1390 and **72%** over budget YTD.

**Utilities:** Under budget by 15% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget.

**Owners' Equity:** Operating Owners' Equity remains **negative** at the end of March 2009 at (\$4,143) as per Balance Sheet prepared by AAM.

**Replacement Reserve Account at Merrill Lynch:**

As of March 31, 2009 the total balance is \$780,457 yielding overall 2.55% p.a. interest vs. 2.69% p.a. in February. Of this amount \$500,000 were invested in CD's.(See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

**BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 3/31/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder  
April 22, 2009

**BELLASERA COMMUNITY ASSOCIATION**  
**Budget & Finance Committee Meeting Minutes**  
**May 28, 2009**  
**(Amended)**

**PRESENT:** Clayton Loiselle, Theodore Dixon, Carlton Rooks and Charles Schroeder  
**GUEST:** S. Christopher Gale, VP and Senior Financial Advisor of Merrill Lynch

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

**Purpose of the Meeting**

The Committee invited Chris Gale of Merrill Lynch (ML) to discuss our relationship and to bring us up-to-date on the integration of Merrill Lynch into the Bank of America (B of A) organization which could offer an opportunity to expand BCA's relations to include its operational activities under one roof. See also attached Meeting Agenda for additional issues discussed.

**Merrill Lynch Presentation**

Chris Gale described the changes within ML due to the take-over by B of A. In his opinion full integration will take about 2 years. This means that there is currently no way to streamline various operational actions and investment banking under one roof. He has seen increased mortgage activity, but confirms that investment banking will remain separate for some time to come as reflected by the fact that B of A will retain the name *Merrill Lynch*. Chris distributed to the members an *Executive Summary* of the BCA/ML relationship which shows that BCA's investments at ML remained unscathed during the current financial crisis and compared quite favorable to several other available investments. (Copy of *Executive Summary* enclosed). Clayton brought up the possibility of a line of credit and Chris explained that there would be no *stand-by fee* and only out-standings would be charged at a "Libor" (London Interbank Offered Rate) based interest rate depending on the size of the amount of borrowings. The credit line would be secured by Certificates of Deposit. Chris will let us know how other HOA's among his clients handle such credit lines and what his experience is with such lines.

**Meeting with AAM**

Ted Dixon reported about his very useful meeting with AAM including the CFO and officials of the Accounting and Controller's offices.<sup>1</sup> AAM is always interested to have their clients use as many of their services as possible and, indeed, Ted said that there may be services that could be of interest to BCA such as AAM's *Small Claims Service*. This

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<sup>1</sup> The following officials of AAM were present at the meeting arranged by Viola Lanam, Community Manager: Viola Lanam; Kevin DeBolske, EVP/CFO; Susan Platner, VP/Community Management; Vicki Sears, VP/ Customer Service; among others.

service is described in AAM's educational brochure called *Association Budgets & Financial Statements* (distributed by Ted to B&F Committee members electronically). As to communications with AAM Ted will be the key person for major issues, B&F Committee members may be involved on behalf of B&F after clearance with Ted or Chairman Clayton.

**Minutes of the May 28, 2009 B&F Committee Meeting**

The Minutes of the May 28, 2009 B&F Committee meeting were reviewed and unanimously approved.

**Review of BCA Financials for April 2009**

See attached copy of review. Notable were the YTD \$6,576 over budget amount of *Postage & Copies*. More detailed information - as to why - is needed. The same is true of *Repairs & Maintenance* which is over budget YTD by 69%. The overages and the quarterly transfer to Reserves of \$53,930 have contributed to the decline in *Owners' Equity* (OE) which was negative at the end of April (-\$45,683) while, historically, the OE target level had been at 2-3 times the variable monthly expenses or at least \$40,000. The Committee would like to see a solution to the volatility of *Owners' Equity* at least as far as the transfer to reserves is concerned.

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

**The next meeting date:** Thursday, June 25, 2009 at 2:30 PM at the Clubhouse.

**Enclosures:** Meeting Agenda for B&F Committee Meeting on 5/28/2009;  
*Executive Summary of BCA/ML Relationship* prepared by Chris Gale <sup>2</sup>  
*AAM Financials Training Presentation* <sup>3</sup>  
Review of BCA Financials for April 2009.

Prepared by:

Approved by:

Charles Schroeder  
Recording Secretary, B&F Committee

Clayton Loiselle  
Chairman, B&F Committee

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<sup>2</sup> Enclosed with Hard Copy of Minutes only. Other copies were given to BCA Board and B&F Committee members and Community Manager.

<sup>3</sup> Included as attachment to electronic version of Minutes only.

**Budget and Finance Committee**  
**Meeting Agenda**  
**May 28, 2009**

- 1) Merrill Lynch -- presentation and comments – what’s new, can we or should we restructure any BCA accounts or investments.
  - i) Specifically – is there any effective way to utilize B of A for our operating account, to collect HOA quarterly dues (lockbox, e-check, ACH transfers, Visa payments), need for a second operating account at ML.
  - ii) Reserve Fund – invested in FDIC insured CD’s (no problem) and two ML money market accounts. We need to review our projected Reserve Fund cash requirements and review our investment profile. Should we reconsider the possibility of a line of credit in order to optimize our financial operations?
- 2) Ted Dixon – feed back from meeting with AAM. As a result of Viola’s diligent efforts, mistakes have been minimized and monthly financial statements are generally of better quality. There are some accounting and reporting issues which should be addressed (see below). Also, any feedback from Chuck Roach relating to B&F Committee..... specifically, input to Reserve Plan, additional committee members.
- 3) Review and approve minutes of the May 1, 2009 B&F Com meeting.
- 4) Review and comment on BCA Financials for April 2009.
  - i) Glaring need for some level of accrual accounting and estimate of cash position.
  - ii) Need for “financial discipline” relating to unbudgeted items before authorizing purchase..... eg. tennis ball machine.
- 5) Distribute final approved version of BCA Operating Budget for FY 2009-2010.
- 6) Discuss Op Budget reporting / tracking ideas.
- 7) Fixed price contracts – we all seem to agree that review / monitoring is worth while but nobody seems to be taking ownership of this project and little progress is being made.
- 8) Other Business
- 9) Summer Schedule and Next Meeting Date



## Review of BCA Financials for April 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$101,976 (including the Petty Cash Account) were comfortably within the current insurance level established by the FDIC .

**Income:** About \$1,900 over budget due to collection of unbudgeted CC&R Violation charges. The Monthly Variance Report, however, points out – seemingly in error - that this income was due to “waiver of charges”. **Also, as pointed out in my report for March the Variance Reports still treat excesses of income over budget as shortfalls instead of gains!**

**Salaries & Wages:** Under budget as is YTD.

**Administrative & General:** With the exception of *Postage & Copies* which is \$6,576 over budget YTD, this category is in line with the budget.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** Over budget for the month due to various unbudgeted *Clubhouse Repairs* of \$1297 and **69%** over budget YTD.

**Utilities:** Under budget by 12% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget.

**Owners' Equity:** Operating Owners' Equity turned further **negative** at the end of April 2009 by \$35,479 to (\$45,683) as per Balance Sheet prepared by AAM mainly due to the Quarterly Transfer of \$53,930 to Reserves.

### **Replacement Reserve Account at Merrill Lynch:**

As of April 30, 2009 the total balance is \$721,279 yielding overall 2.73% p.a. interest vs. 2.55% p.a. in March. Of this amount \$500,000 were invested in CD's.(See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 4/30/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder  
May 23, 2009

# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **June 25, 2009**

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

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

#### **Purpose of the Meeting**

To respond to a request by Chuck Roach, President of BCA Board of Directors, for a recommendation by the B&F Committee as to the financial feasibility of a proposal to install a Solar Heating System for the BCA Pool. Also, to review/approve the minutes of our last meeting (May 28, 2009) and to review the BCA Financial Statements for May 2009. (Meeting Agenda enclosed).

#### **Minutes of the May 28, 2009 B&F Committee Meeting**

The Minutes of the May 28, 2009 B&F Committee meeting were reviewed and unanimously approved as amended.

#### **Review of BCA Financials for May 2009**

See attached copy of Review for details. Reclassifications of Reserve expenses originally charged against Operating funds should clearly identify the original payments as to check numbers, payees and dates. Payments for regular contract work such as Landscaping should not be charged to the Reserve account. Also, both the YTD and Monthly Variance Reports should properly reflect the respective transactions in the *Income* section of the reports. Charles Schroeder said he would discuss these accounting issues with Viola Lanam.<sup>1</sup> Clayton Loiselle suggested that AAM may be able to change the accounting for the BCA Operating Owners' Equity within the existing Accrual Accounting System to avoid high volatility by equalizing the recording of the quarterly payment to Reserves during the quarter.<sup>2</sup> The Committee would like to receive a breakdown of the benefits paid to the sole employee of BCA (Sharon Fox). One line item among the list of Expenses remains outstanding: *Postage & Copies* is \$8,007 or 107.5% over budget YTD.

#### **Proposal of Solar Heating of BCA Community Pool**

The Committee engaged in a comprehensive discussion of the proposal by Sun Systems, Inc. to install a Solar Energy System to heat the BCA Pool. Several important questions remain to be answered as to cost issues, financing alternatives and site preparation options. Clayton Loiselle has prepared and distributed a detailed summary of the Committee's deliberations which is enclosed.

There being no other business to attend to the meeting was adjourned at 4:55 PM.

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<sup>1</sup> At the BCA Board meeting later that day Viola Lanam stated that AAM had made some changes in the Accounting Department and that beginning with the new Fiscal Year (July 1, 2009) these issues would be resolved.

<sup>2</sup> Viola also said she would follow up on this issue

**The next Meeting Date**

Friday, July 31, 2009 at 2:30 PM at the Clubhouse.

**Enclosures:** Agenda for B&F Committee Meeting on June 25, 2009;  
Review of BCA Financials for May 2009;  
*Solar Water Heating* Summary by Clayton Loiselle;  
Principal Excerpts of *Solar Pool Proposal* by Sun Systems, Inc.<sup>3</sup>

Prepared by:

Approved by:

Charles Schroeder  
Recording Secretary, B&F Committee

Clayton Loiselle  
Chairman, B&F Committee

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<sup>3</sup> Included in the electronic version of the Minutes, but not in the hard copy package.

**Bellasera Community Association  
Budget & Finance Committee**

**Meeting Agenda for June 25, 2009**

1. Review / approve minutes of our last meeting (May 28, 2009)
2. Review of BCA Financial Statements for May 2009
3. Discuss Proposal for Solar Heating of BCA Pool
4. Discuss other existing business
5. New business
6. Next Meeting Date

## Review of BCA Financials for May 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$68,784 (including the Petty Cash Account) were comfortably within the current insurance level established by the FDIC . **BCA Check #391 for \$5,664.67 drawn on 4/30/2009 against the BCA Reserve Account at Merrill Lynch and payable to HOA Bellasera is described as covering *Reserve Expenses* without further details. However, the bookkeeping records should clearly identify the purpose and to whom these funds were paid.** Even if this amount represents reimbursement for funds previously paid from the Operating Account that should have been paid from Reserves - as I assume was the case here – the book entry should still indicate Amounts and Nos. of the prior checks for which the funding source is being changed. While on the subject I noted in the April 2009 Financials that an amount of \$3,590 representing the contractual monthly fee of landscaper Four Peaks was also charged against the BCA Reserve Account without any reason given.

**Income:** Roughly \$400 under budget due to refund (?) of unbudgeted CC&R Violation charges. **Also, as pointed out in my previous reviews, the Variance Reports still treat excesses of income over budget as shortfalls instead of gains!**

**Salaries & Wages:** Slightly over budget.

**Administrative & General:** With the exception of *Postage & Copies* which is \$8,007 or 107.5% over budget YTD, this category is in line with the budget.

**Contract Services:** YTD under budget.

**Repairs & Maintenance:** Over budget for the month due to purchase of \$1,668 tennis ball machine.

**Utilities:** All categories slightly over budget except *Gas*, but under budget by 9.1% YTD.

**Income Taxes:** Current.

**Insurance:** Slightly over budget.

**Owners' Equity:** Operating Owners' Equity remains **negative** at the end of May 2009 by (\$16,214) as per Balance Sheet prepared by AAM mainly due to the Quarterly Transfer of \$53,930 to Reserves at the beginning of the Quarter.

### **Replacement Reserve Account at Merrill Lynch:**

As of May 31, 2009 the total balance is \$689,905 yielding overall 2.86% p.a. interest vs. 2.73% p.a. in April. Of this amount \$500,000 were invested in CD's. (See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 5/31/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
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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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder  
June 18, 2009

## **Solar Water Heating**

Chuck,

In response to your e-mail regarding the funding of a possible SOLAR WATER HEATING installation, we had the opportunity to discuss this matter during our B&F Committee meeting on Thursday, June 25. I offered some preliminary verbal comments at the Board meeting that evening.

B&F is split regarding the funding of such a project. However, I think that we ALL agreed that such a project should NOT be funded from the Reserve Fund. There are a couple of reasons for this. First, it is our view that solar water heating (no matter how it is characterized) is an addition to our common BCA facilities. I recall that we previously have had discussions about reserving funds for "undefined community improvements" and I think that the answer was that such an undefined reserve is NOT legal under the laws of Arizona. Assuming this to be the case, by definition, we have NO money in the Reserve Fund for such an expenditure. Second, from a political perspective, we have been told almost every year that our Reserve Fund requires augmenting to achieve a desirable Percentage Funded position. This being the case, it would be very difficult to justify using the Reserve Fund for the purchase of solar water heating.

Personally, I am of the opinion that any solar water heating expenditure should be dealt with as a "special assessment". I know that we have a visceral aversion to any special assessments but this is, in my view, clearly a case where new technology has evolved, rebates are currently available, and there appears to be long-term operating savings potential. A special assessment would require that a cogent, defensible analysis of the project be prepared and presented to BCA residents. Assuming that the project makes technical, aesthetic, and financial sense, it would promise the possibility of a future reduction (or at least stabilization) in BCA HOA dues. It might cost \$150 to \$200 per household....not a huge sum of money. If passed, it would de facto inform HOA members of the project, raise the required capital and get their approval for the project. I don't think that you would want to attempt this type of project without HOA member approval.

Carlton is of the opinion that the proposed installation really impacts future operating expense which would, therefore, imply that the funding of this proposed project should be "run through" the operating budget. This leads Carlton to favor some form of vendor financing or lease. Presumably, there would be sufficient utility (natural gas) cost savings to cover the lease payments during the project payout period. Charles tends to agree with Carlton.

In today's market, there might be some good deals to be had from leasing agents. In fact, I would suggest that if the payout period is anywhere near 2.5 years (as implied in the Sun Systems proposal) that there is lots of room for creative lease negotiations. Clearly, the leasing terms would require some close scrutiny.

As you most likely anticipated, our inquiring minds went beyond purely financial issues relating to solar water heating. One big question relates to the rebate..... The proposal

suggests that the rebate would be coming from APS or SRP both of which are electric utilities. Yet, solar water heating would be reducing our consumption of natural gas which is supplied by South West Gas. This is sort of like buying a Buick and receiving a cash rebate from Chrysler..... it does not make sense. At the Board meeting, Trish advised that APS / SRP have been mandated by the State of Arizona to increase their use of renewable energy sources but, if APS/SRP offer rebates, these will have to be recovered from their customers through the rate base. Since most of the benefit will accrue to the SWG customers (reduced consumption of natural gas), I can see an interesting rate case emerging before the state regulatory commission. BTW -- Recently, I have seen commercials on local TV promoting the use of solar water heating at the residential level which incorporates a rebate from APS/SRP. So, maybe this issue has already been worked out.

Another interesting point emerged. BCA uses most of its natural gas during the winter months to heat the pool. I would also guess that most of this natural gas is consumed during the night or early morning in order to maintain the pool at the desired temperature for the "morning keeners" who like to start their day with a refreshing swim or water aerobics. During the winter, we receive the least amount of solar radiant energy and there is no solar energy available during the night. So, we would be very skeptical about the estimated energy savings. I would really want to focus on the computer models that were utilized to generate this number. I suspect that we would still have to burn a substantial amount of supplemental natural gas (in addition to solar water heating) in order to maintain pool temperature during winter months. How much of our natural gas is used to heat the spa and the clubhouse during the winter and summer? Probably not a lot in comparison with the pool heating but worth knowing.

Charles researched this question and advised -- During the June thru September period daytime temperatures reach above 100° F and rarely fall below 85° F at night. Under such conditions the pool temperatures stay at 90° F and there is no need to heat the pool at all. In the past our gas bills have averaged about \$600 during that time and that was mainly used for heating the spa. It would be great if we could benefit from the solar energy production during that time. <!--[endif]-->

We noticed that solar water heating would require the installation of booster electric pumps which makes sense because there would be a lot of extra pipes, valves, and fittings through which to circulate the water. I would have to presume that the Sun Systems proposal has factored in the cost of additional electricity and booster pump maintenance. We also remarked that the required size of the solar heating panels is approximately equal to the surface area of the pool itself. This is a BIG area !! Trish advised that Terravita is considering the possibility of incorporating the solar collectors into some type of ramada or shade structure. This sounds intriguing. I would be very skeptical if we simply carved out a BIG piece of our native desert in plain view of the pool area in order to install a bunch of solar collectors. In fact, if this is NAOS area, we might not be permitted to utilize it for solar collectors.

It does seem logical that utilizing solar energy would have some merit here in the Valley of the Sun. Considering the amount of money that we budget each year for electricity and natural gas, you would think that there is some room to maneuver. It occurred to us that perhaps we should be looking into solar electric energy . The lion's share of our

electric consumption is devoted to air conditioning the clubhouse particularly during the summer and during daylight hours when the sun is the most intense. If we were able to generate solar electricity, we could potentially cut our electric utility bill more than our natural gas bill (using solar water heating). If we are in a position to generate electricity, it is my understanding that any excess electricity can be sold back into the electric grid for credit to our account. Speculating even further, if we were able to generate electricity during the winter months, we could potentially utilize spare electricity to pre-heat the pool water which would reduce the heating load on our existing pool heaters and thus reduce our natural gas bill during the winter months. Ordinarily, using electricity for this purpose would not make financial or mechanical sense but, if we had spare electricity available, why not use it.

Are the rebates being offered strictly as a result of a state mandated program? Or, is part of the money the result of the recently passed federal economic stimulus package? Either way, we are going to be paying for the rebates. So, why should we NOT get our fair share? Also, we question when these rebates might expire in light of the current state budget problems. We suspect these rebates represent a window of opportunity which will not be open for ever.

Message.....move it or lose it.

Last but not least, what will the site preparation cost be? This will be driven to a large extent by where and how the solar collectors would be installed. It is almost impossible to judge the financial viability of the project without this information.

On balance, the B&F Committee is supportive of this concept. Considering our circumstances and today's technology, there should be a way to make or save a few dollars from a solar project and be eco-friendly in the process.

We would be happy to contribute further to this concept in any way we can.

Regards,

Clayton,  
On behalf of the B&F Committee





Pool Solar Exclusively Designed  
for  
Bellasera HOA

Presented By: Michael Buehrle

Sun Systems  
2030 W. Pinnacle Peak Road  
Phoenix, AZ 85027  
[www.sunsystemsinc.com](http://www.sunsystemsinc.com)



June 2, 2009

Bellasera HOA  
7350 E Ponte Bella Dr  
Scottsdale, AZ 85266

Attn: Paul Anetsberger

I appreciate you taking time from your busy schedules to meet with me.

I have enclosed information that I believe your company will find helpful in making a decision regarding solar heating your guest swimming pool. In this packet you will find:

- Commercial Pool Solar Installation Differences
- Sun Systems- what separates us from the competition
- Project Engineering For Optimal Performance
- Financial Summary
- Introduction to RSPEC
- U.S. Department of Energy RSPEC program results
- APS Rebate Evaluation Spreadsheet
- Price Quote
- "SwimSaver" panel Specifications & System Schematics
- BTU Monitoring System
- Why Aluminum Racks
- Pool Solar Diagram
- Picture of typical system
- Available upon request: Extended Service Agreement
- Available upon request: References

We recognize that selecting your pool solar heating system installer is an important choice to make. I am committed that you be 100% comfortable with that you made the "right" choice. I am available to meet with additional individuals involved in the decision making process if requested and of course, always available to answer questions you may have. I believe you will find that installing a solar pool heating system will save you a substantial amount of your pool heating energy cost, allowing those dollars to be saved or used for other purposes.

Looking forward to our working together.

Sincerely,

Michael Buehrle, Commercial Sales & Design  
(623) 695-3908 cell  
(623) 869-7652 office

# **How does Sun Systems provide the best Commercial Solar Thermal Pool Heating Systems in Arizona?**

*#1 installer of Utility Co. Certified pool solar heating systems in Arizona*

**2) Professional Presite including:**

- a) Vacuum & pressure check of existing plumbing to establish a baseline of existing Equipment performance
- b) Equipment evaluation to determine if existing pumps, filters, and controls are adequate for solar operation
- c) Evaluation of plumbing sizes to determine if new larger plumbing will be necessary to insure proper flow rates, control TDH, and water velocity

**3) Use of State of the Art Variable Speed Booster Pumps:**

- a) Allows for a MINIMUM of 30% electrical savings
- b) allows pump to be set to EXACT flow necessary for optimum solar performance

**4) Custom Designed for "complete" draindown of the system when not in operation:**

- a) custom water evacuation system
- b) offers complete freeze protection

**5) Custom extruded racks:**

- a) manufactured in-house for specific roof slopes and applications
- b) rack elevations individually adjusted for drainback requirements
- c) fiberglass substrate used for each collector to allow thermal movement, reduce friction to increase the life span of the collector, and thermal insulation

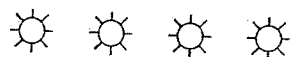
**6) Specialized roof mounting system:**

- a) custom manufactured "Solar Roof Jacks"
- b) use of "Uni-strut" to insure integrity of installation in high desert winds
- c) non rusting and staining stainless steel clamps

**7) Swimsaver Solar Collectors:**

- a) OG-100 rated solar collector
- b) Fully matted with tube separation for maximum life span, BTU production and wind protection
- c) manufactured with propylene copolymer materials including UV stabilizer resulting in long term resistance to heat and light

# SUN SYSTEMS



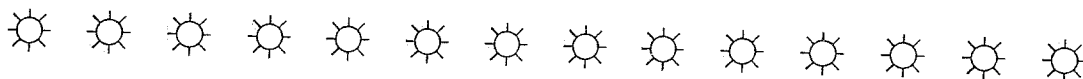
- In Business Since 1980
- Largest Solar Service Company in America
- Servicing Over 75,000 Customers in Arizona & California
- Arizona's Only Solar Collector Manufacturer
- Arizona's Only Thermo-Insulated Cover Manufacturer
  - Certified for APS & SRP Rebate Programs
    - State Certified Technicians
    - ARISEIA\* Member
    - SEIA\* Board Member
    - SRCC\* Board Member
    - NSPI\* Member

ARISEIA – Arizona Solar Energy Industries Association

SEIA – Solar Energy Industries Association

SRCC – Solar Rating Certification Corporation

NSPI – National Spa & Pool Institute



# Project Engineering for Optimum Performance

## SYSTEM SIZING (General)

We consider the following six key factors when sizing your solar pool heating system:

- 1.) Total surface area of the pool
- 2.) Available space for collectors
- 3.) Orientation (direction the solar collectors can face)
- 4.) Angle of collectors
- 5.) Pool temperature required
- 6.) Flow capacity of the pool system measured in GPM

South is the optimum direction followed by west, east, and north respectively. Once collector orientation is determined, sizing is based on a percentage of the pool surface area and the above mentioned factors.

## SYSTEM SIZING (Your Installation)

- 1.) Pool surface area was calculated to be approximately 3850 Sq. Ft.
- 2.) Ample space for collectors allowing for 3840 Sq. Ft. of collectors or 100% coverage
- 3.) Solar collectors will have a southern orientation
- 4.) Collectors will be ground mounted on racks to optimize production and prevent freezing
- 5.) Pool temperature required 84 degrees
- 6.) 400 GPM will be provided by a booster pump

## INSTALLATION

Based on calculated surface area and the desire to reduce current energy costs as much as possible, (80) – 4' x 12' (3840 Sq. Ft.) "Swim Saver" solar panels producing up to **3,816,960 BTU'S per day** are recommended to provide the **maximum** savings of expensive natural gas. For cost efficiency, performance and aesthetic reasons, the panels will be ground mounted on custom aluminum racks. The collectors will reside on a substrate to minimize bowing and will be mounted to the racks using Dacron hurricane strapping and hardware. The racks will be mounted on cement curbing with non-rusting hardware that are designed to withstand the desert winds.

## FLOW RATE

A highly efficient energy saving booster pump system will be tied into your existing pool circulation equipment optimizing flow rate resulting in maximum BTU output from the system. It is designed to provide a minimum of 400 **gallons** per minute flow rate to service solar without interfering with pool system hydraulics or Health Department's requirement for pool water turnover in commercial pools of this size. Flow meters will be installed to balance the flow within the system.

## **SYSTEM PLUMBING**

The feed and return lines will be 2 (two) schedule 40 PVC pipes sized appropriately to support the required flow. To prevent heat loss plumbing runs underground will be insulated. Hydraulic balancing will be achieved via "Reverse Balance Flow" design. The feed and return line connections will be made after the filter and before the gas heater(s) allowing the heater(s) to "read" the temperature of the water coming from the solar collectors. As a result the heater(s) do not turn on if solar is active.

## **CONTROLS**

An automatic controller will be installed on the wall of the equipment area and electrically connected to the sub-panel currently supplying power to the pool equipment. Temperature sensors will be located at the pool equipment and at the solar collector arrays.

## **FREEZE PROTECTION**

By design your system will be freeze protected.

## **BTU METERING SYSTEM**

Required by APS to qualify for "Earth Wise" renewable energy rebates.

# Financial Summary Purchase

## **BEFORE - APS Solar Energy Program Incentive**

- According to RSPEC \*\* Solar pool heating system will lower energy costs by 39.8%.
- Pool Solar System cost is **\$ 75,055.00**
- Payback period to realize a return on your investment is **3.65 years\*\***
- Qualifies for APS Solar Energy Program.

\*\* Annual savings and return on investment calculations are based on the U.S. Department of Energy RSPEC computer program. (Reduce Swimming Pool Energy Costs) and **is not** adjusted for the APS Solar Energy Program. These figures based on using the Swim Saver - Aqua-therm solar collectors with 15-year warranty.

## **AFTER - APS Solar Energy Program Incentive**

System Cost	\$ 75,055.00
APS Up Front Incentive (UFI)**	<u>\$ 23,461.36</u>
Adjusted System Cost	\$ 51,593.64
“RSPEC” Energy Savings (1 <sup>st</sup> Year)	( \$ 20,558.00)
Residual after 1 <sup>st</sup> (APS Incentive + OFFSET)	\$ 31,035.64

## **Payback: 2.51 Year**

\*\* Paid within 30 days of commissioning.

### NOTE:

1. Above calculations are based on best estimates only and no guarantee of actual performance.

# **Financial Summary**

## **Leasing Option**

Many of our commercial customers have found leasing to be a very cost effective and viable option for purchasing solar pool heating systems without having to deal with assessments, multi levels of corporate approval and other hurdles associated with large capital expenses. In most cases, if the property is already heating their pool with natural gas, propane or an electric heat pump, the monthly lease payment on the new solar heating system, combined with their greatly reduced energy bill from the existing heater, is substantially less than their original bills without the solar system. This allows dollars budgeted for the pool energy costs to be saved or utilized elsewhere on the property.

### **Bellasera HOA – Pool Solar Heating System**

**Pool Solar System: (3840 SQ. FT.) “Sun Saver” panel system, total cost \$75,055.00**

**Lease amount 36 month \$ 92,610.00**

**Lease amount 48 month \$ 97,560.00**

### **Monthly lease payment**

**36 month lease      \$ 2,572.50 \***

**48 month lease      \$ 2,032.50 \***

**Title transfer & buy-out at the end of the lease period is \$1.00 for the transfer of ownership.**

**\*Leasing payments based upon Western Gulf & Pacific Sales Rate Schedule (6/3/09)**

### **Leasing Advantages:**

- Affordable Payments
- Write off as expense
- Tax is deferred (if applicable)
- Cash conservation
- Leverage Utility Rebate



## Introduction

### U.S. Department of Energy RSPEC Calculations

The following pages contain projections and estimates based on calculations made from the United States Department of Energy RSPEC computer program (Reduce Swimming Pool Energy Costs). This program is designed to estimate current energy expenses, project the potential savings from installing a solar pool heating system and calculate the projected payback period for the return on the investment.

The following data was entered into the program for use in making its calculations:

- Weather site is Phoenix, Arizona.
- Pool surface is **3850** sq. ft.
- Water temperature to be maintained at **84** degrees.
- Per Southwest Gas, commercial natural gas prices in 2005 varied from \$0.89 to \$1.50 per therm. These calculations were made using **\$1.40** per therm rate.
- Total square footage of solar collectors is **3840** sq. ft.
- **3840 Sq. Ft.** of the "Swim Saver" panels on south facing racks will produce up to **3,816,960 BTU'S** per day.
- Pool season has been set as a year round operation.
- Total system cost is **\$75,055.00**

#### Note:

These calculations are for comparison purposes only. The RSPEC program assumes that the desired water temperature is maintained at 84 degrees at all times and calculates seasonal heating costs on that basis. How Bellasera HOA uses the pool heater, changes in conditions, down time and other unknowns can and will effect actual energy expense vs. RSPEC calculated energy expense. The best use for these calculations is to review the potential savings that would be obtained if the pool's water temperature and other potential variables were kept constant all year.

#### Results:

- Cost for heating the pool without a solar pool heating system is estimated to be \$ **75,055.00**
- Savings projection was estimated to be \$ **20,558** per year or an energy expense reduction of **39.8%**
- Payback period for the return on the investment is **3.65** years.



# ENERGY SMART POOLS

## Solar Heating Analysis Summary

Prepared for:

Community Pool  
7350 E Ponte Bella Dr  
Scottsdale, Az 85266

### ANNUAL SUMMARY INFORMATION based on the data YOU provided.

#### Installing a Solar Heating will:

Lower energy costs by: 39.8 % or \$20,558

Current energy & water costs	\$51,635
Projected energy costs w/Solar Heating	\$31,077
Savings per year	\$20,558

The estimated cost of a Solar Heating system is \$75,055.  
The payback period to realize a return on your investment is 3.65 years.

**BE AN ENERGY SMART CONSUMER!**

RSPEC!, EE-531, U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, D.C. 20585-0001 (202) 586-8034 Fax: (202) 586-8134

**RSPEC! AND YOU CAN MAKE A DIFFERENCE!**

# ENERGY SMART POOLS

## Solar Heating Analysis

U.S. Department of Energy

May 18, 2009

Community Pool  
7350 E Ponte Bella Dr  
Scottsdale, Az 85266

### Annual Energy/Water Savings Analysis:

Solar Pool Heating System Energy Savings ..... \$20,558

### Annual Energy/Water Cost Analysis:

Pool Heating Costs without Solar Pool Heating System ..... \$50,252

Pump Motor Electrical Cost ..... 855

Ventilation Motor Electrical Cost (indoor only) ..... 0

Water Consumption/Cost Due to Evaporation ..... 351,328 gals. 526

Total Annual Energy & Water Costs ..... \$51,635

Pool Heating Costs with Solar Pool Heating System Only ..... \$29,694

Pump Motor Electrical Cost ..... 855

Ventilation Motor Electrical Cost (indoor only) ..... 0

Water Consumption/Cost Due to Evaporation..... 351,328 gals. 526

Total Annual Energy & Water Costs ..... \$31,076

### System Cost/Payback Analysis:

Solar Pool Heating System Cost ..... \$75,055

Payback ..... 3.65

Organization BELLASERA HOA  
Contact Mr. PAUL ANETSBERGER, BUILDING & GROUNDS MANAGER  
Address 7350 E PONTE BELLA DR  
City, St Zip SCOTTSDALE, AZ 85266  
Phone 480-595-2472

Default ID PHOENIX  
Type Owner Unknown  
Type Pool Outdoor  
Weather Site ARIZONA, PHOENIX  
Windspeed % 15 Shading Factor % 0

	Mon	Tue	Wed	Thur	Fri	Sat
Open	1 1	06:00AM	06:00AM	06:00AM	06:00AM	06:00AM
Close	12 31	10:00PM	10:00PM	10:00PM	10:00PM	10:00PM

General Pool Data		Indoor Pool Data		Pool Cover Data		Solar Heating Data	
Pool Area	3850	Room Temp (F)	0	Cover Type	None	Collector Type	Unglazed
Pool Temp (F)	84	Room Humidity %	0			Eff Y-Intercept	0.8400
Activity Level	Low	Vent Htr Fuel				Efficiency Slope	- 3.4200
Pool Htr Fuel	Natural Gas CCF	Fuel Cost	\$0.000			Collector Sqft	3840
Fuel Cost	\$1.400	Vent Heater Eff %	0			Installed Cost	\$75,055
Pool Heater Eff %	75	Vent Motor HP	0.00				
Pump Motor HP	2.00	Vent Motor Eff %	0				
Pump Motor Eff %	80	Vent Run Hrs/day	0.0				
Pump Run Hrs/day	24.0	Vent Motor Load %	0				
Pump Motor Load %	75						

Comments

# ENERGY SMART POOLS

## Solar Heating Analysis Part I - Uncovered

U.S. Department of Energy

May 18, 2009

Community Pool  
7350 E Ponte Bella Dr  
Scottsdale, Az 85266

### ANNUAL SYSTEM TOTALS

POOL HEATING	Htg. Loads (10 <sup>6</sup> BTU's)	Energy Use (10 <sup>6</sup> BTU's)	Htg. Fuel Use , ccf	Costs \$
Outside Air				
Evaporation	3,076	4,102	41,519	58,127
Convection	507	676	6,844	9,582
Radiation	958	1,278	12,940	18,116
Solar Gain	-1,882	-2,510	-25,409	-35,573
Solar Heating System	*,***	-1,450	-14,684	-20,558
Totals **	1,571	2,095	21,210	\$29,694

MOTORS	Energy Use (10 <sup>6</sup> BTU's)	Mot. Elec. Use kwh	Costs \$
Pump Motors	41	12,219	855
Vent. Fan Motors			
Totals	41	12,219	\$855

WATER USE	Water Gallons
Evaporation Totals	351,328

### GRAND TOTAL COSTS

Annual Pool Solar Heating System Savings				
Costs \$	Htg. Loads (10 <sup>6</sup> BTU's)	Energy Use (10 <sup>6</sup> BTU's)	Htg. Fuel Use ccf	Costs \$
\$526 Annual Savings	1,088	1,450	14,684	\$20,558
Pool Solar Heating System Payback				
\$31,076 Type of System	Cost/Sq.Ft.	Total Cost	Payback Years	
Unglazed	19.55	75,055	3.6	

\*\* May not equal column sum if solar gain exceeds total pool losses in a given month.

Organization BELLASERA HOA  
Contact Mr. PAUL ANETSBERGER, BUILDING & GROUNDS MANAGER  
Address 7350 E PONTE BELLA DR  
City, St Zip SCOTTSDALE, AZ 85266  
Phone 480-595-2472

Default ID PHOENIX  
Type Owner Unknown  
Type Pool Outdoor  
Weather Site ARIZONA, PHOENIX  
Windspeed % 15 Shading Factor % 0

	Mon	Day	Sun	Mon	Tue	Wed	Thur	Fri	Sat
Open	1	1	06:00AM	06:00AM	06:00AM	06:00AM	06:00AM	06:00AM	06:00AM
Close	12	31	10:00PM	10:00PM	10:00PM	10:00PM	10:00PM	10:00PM	10:00PM

General Pool Data		Indoor Pool Data		Pool Cover Data		Solar Heating Data	
Pool Area	3850	Room Temp (F)	0	Cover Type	None	Collector Type	Unglazed
Pool Temp (F)	84	Room Humidity %	0			Eff Y-Intercept	0.8400
Activity Level	Low	Vent Htr Fuel				Efficiency Slope	- 3.4200
Pool Htr Fuel	Natural Gas CCF	Fuel Cost	\$0.000			Collector Sqft	3840
Fuel Cost	\$1.400	Vent Heater Eff %	0			Installed Cost	\$75,055
Pool Heater Eff %	75	Vent Motor HP	0.00				
Pump Motor HP	2.00	Vent Motor Eff %	0				
Pump Motor Eff %	80	Vent Run Hrs/day	0.0				
Pump Run Hrs/day	24.0						

Comments

# ENERGY SMART POOLS

## Solar Heating Analysis Part I - Uncovered

U.S. Department of Energy

May 18, 2009

### Community Pool

7350 E Ponte Bella Dr

Scottsdale, Az 85266

#### Average Evaporation Rate (lbs./hr.)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
12:00 am - 8:00 am	345	348	383	342	370	301	268	211	262	332	339	348
8:00 am - 4:00 pm	390	340	424	356	385	334	292	251	301	348	355	368
4:00 pm - 12:00 am	381	346	399	358	388	319	278	237	287	343	342	350

#### Average Outside Air Required (10<sup>3</sup> cfm)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
12:00 am - 8:00 am												
8:00 am - 4:00 pm												
4:00 pm - 12:00 am												

#### Average Outside Air Heating Losses (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
12:00 am - 8:00 am													
8:00 am - 4:00 pm													
4:00 pm - 12:00 am													
Totals													

#### Average Evaporation Losses (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
12:00 am - 8:00 am	90	81	99	86	96	75	69	55	66	86	85	90	984
8:00 am - 4:00 pm	101	80	110	89	100	84	76	65	75	90	89	95	1,061
4:00 pm - 12:00 am	99	81	104	90	101	80	72	61	72	89	86	91	1,030
Totals	290	243	314	266	298	240	218	182	214	266	261	278	3,076

#### Average Convection Losses (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
12:00 am - 8:00 am	46	39	41	29	20	7	-0	1	10	24	35	45	301
8:00 am - 4:00 pm	31	24	18	9	-1	-12	-18	-14	-10	4	19	28	78
4:00 pm - 12:00 am	36	28	23	12	1	-10	-16	-11	-4	10	23	33	127
Totals	113	92	82	51	20	-15	-35	-23	-4	39	79	107	507

#### Average Radiation Losses (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
12:00 am - 8:00 am	47	41	43	36	31	22	17	19	24	33	40	47	404
8:00 am - 4:00 pm	38	32	29	23	16	8	4	7	9	20	30	37	261
4:00 pm - 12:00 am	41	34	32	25	19	9	6	10	14	24	33	40	293
Totals	126	108	105	86	66	40	29	37	48	79	104	125	958

#### Total Monthly Pool Losses (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Load	531	443	503	404	385	265	211	196	257	385	445	510	4,542

#### Average Direct Solar Gain (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
8:00 am - 4:00 pm	91	114	161	192	228	229	207	189	162	134	93	78	1,882

#### Net Total Monthly Pool Load (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Load	440	328	341	212	156	36	4	7	95	251	351	432	2,659

#### Pool Solar Heating System Analysis

##### Available Output from Solar Heating System (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Totals	65	87	137	167	218	255	257	247	234	176	95	56	2,001

##### Net Savings from Solar Heating System (10<sup>6</sup> BTU's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Totals	65	87	137	167	156	36	4	7	95	176	95	56	1,088

#### Net Monthly Pool Load After Solar Heating System (10<sup>6</sup> BTU's)

# BELLASERA HOA

SCOTTSDALE, AZ

## "APS" POOL SOLAR PERFORMANCE & REBATE EVALUATION REPORT UP FRONT INCENTIVE (UFI)

Pool Area	Minimum Pool Temp	Collector Area	Collector to Pool Ratio	Horizontal Tilt Angle Factor	South Orientation BTU / day	West Orientation BTU / day.	East Orientation BTU / day.	Solar Heating Days	Maximum BTU output / day	Expected BTU output / day	Expected BTU output / year contract
3,850	84	3,840	100%	100%	3,878,400	3,684,480	3,490,560	258	3,878,400	3,102,720	800,501,760

Solar system cost	\$75,055.00	Expected BTU out-put, First Year	800,501,760	(UFI) Based on First Year Production kWh OUTPUT CALCULATION BTU output / by 3412 = kWh	234,614	One time "Up Front" Incentive Payment	\$23,461.36	APS rebate cap @ 60% of cost **	\$45,033.00	Solar System Cost after rebate based upon the "Up Front Program" **	\$51,593.64
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"RSPEC" Report savings\* \$20,558.00

APS rebate amount = \$23,461.36

\*\* APS Pays the lesser amount

**SUN SYSTEMS INC.**

2030 WEST PINNACLE PEAK RD.  
PHOENIX, AZ. 85027

Report prepared by Michael Buehrle  
Commercial Sales & Design  
Date 6/2/09



# PURCHASE & INSTALLATION

## ESTIMATE / AGREEMENT

**SUN SYSTEMS INC.**  
**2030 W. PINNACLE PEAK RD.**  
**PHOENIX, AZ. 85027**  
 (623) 869-7652  
 (623) 869-0891 fax  
 K-5 Dual-/Com ROC # 197756  
 Pool Cover ROC #184561

Customer

Bellaser HOA – Community Pool  
 7350 E Ponte Bella Dr.  
 Scottsdale, AZ 85266

PROJECT:  
 Pool Solar Heating System

Date: 6/12/2009

Phone: (480) 595-2472

Contacts: Paul Anetsberger,  
 Building & Ground Manger

WE ARE PLEASED TO QUOTE PRICES FOR THE PRODUCTS AND SERVICES AS FOLLOWS:

### SYSTEM DESCRIPTION

#### POOL SOLAR SYSTEM:

1. Size: 80 – 4' X 12' "SwimSaver" collectors arranged in arrays on ground mounted racks
2. Type: SwimSaver Black Panels
3. Production: 3840 Sq. Ft. Collectors will produce up to 3,816,960 BTU'S per day
4. Installation: Ground Mount, 80 custom racks, Orientated south, Angled @ 22 – 40 degrees
5. Install fully automatic controller
6. High Efficiency Booster Pump
7. Plumbing runs properly sized for flow (4") per plan
8. BTU metering system
9. APS ES&D application submittal and guarantee
10. Permit

#### OTHER USEFUL INFORMATION:

**Why Racks:** Supports best orientation and angle for optimal collector performance. Panels will drain when solar is not active guaranteeing freeze protection.

**Why Booster Pump:** First, to support proper flow through collectors for optimal collector performance. Second, to relieve your pool system of the additional drag (i.e. "head loss") that any solar system adds to the pool hydraulic system. This is especially important on pools that are large or have an in-floor cleaning system.

#### WARRANTY:

15 YEAR WARRANTY ON PANELS  
 2+ YEARS PARTS & LABOR

INITIAL \_\_\_\_\_

## TERMS AND CONDITIONS

Acceptance by the Purchaser and by the Company shall constitute a contract and shall be binding between the parties hereto, there being no promises or agreements except as herein set forth, but shall be subject to approval of credit. Unless accompanied by a written savings guarantee, any verbal savings estimates are based on a typical situations and Purchasers actual savings may vary. This agreement shall be submitted to the Company by the Agency but shall not be binding on the Company until properly accepted by the Company.

Terms of payment: BALANCE DUE IN FULL UPON COMPLETION, unless approved financing has been arranged for payment. If Purchasers existing equipment or structure does not meet local building codes, Company is not obligated for any additional cost. If cancellation occurs after the third business day, Purchaser is liable for up to 25% (percent) of face value plus all costs encumbered by Company, up to date of cancellation.

### PROPOSAL AND ACCEPTANCE OF PROPOSAL #060209-1

### CONTRACT AMOUNT AND PAYMENT TERMS

PURCHASER
DATE OF ACCEPTANCE
SUN SYSTEMS INC. REPRESENTATIVE Michael Buehrle
DATE OF PROPOSAL 6/12/2009
SUN SYSTEMS INC. OFFICER
DATE OF ACCEPTANCE

SUB TOTAL	\$ 75,055.00
SALES TAX	\$
TOTAL	\$ 75,055.00
DEPOSIT (50%)	\$ 37,527.50
RACKS & PANEL (40%)	\$ 30,022.00
UPON COMPLETION (10%)	\$ 7,505.50

Thank you for choosing SUN SYSTEMS INC.



# BTU MONITOR SYSTEM

By **SUN SYSTEMS**

The Sun System's BTU Monitor System utilizes state-of-the-art controllers from Heliotrope and Signet. The Heliotrope Solar Controller operates the pool's pumps, and the Signet Controller displays and records the performance of the solar system.

The Signet Controller (8900 Series) can be programmed to monitor up to two pools. The one pool controller has 1 frequency input for water flow and 2 inputs for temperature. With two pools, a different circuit card is placed in the controller which allows 2 frequencies for flow and 4 frequencies for temperature.

The monitor display will show the information that it uses to calculate the total kBTU's. The total kBTU number is the proof of performance that Arizona utility companies use for determining energy saved.



**SUN SYSTEMS** INC.

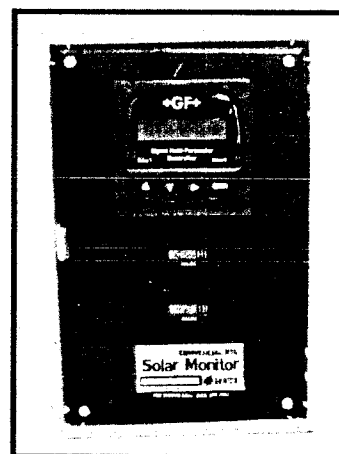
SOLAR SYSTEMS & POOL BARRIERS

Ph: (623) 869-7652

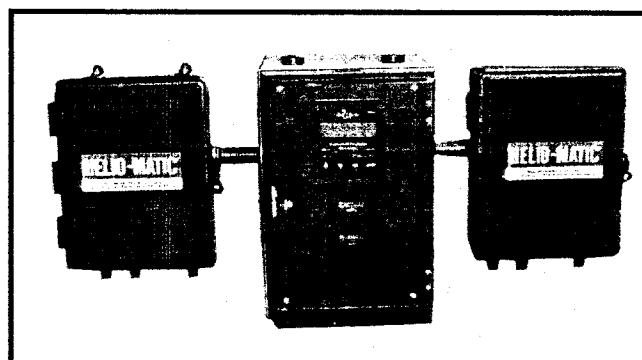
(800) 777-6657

Fax: (623) 869-0891

**BTU Controller**

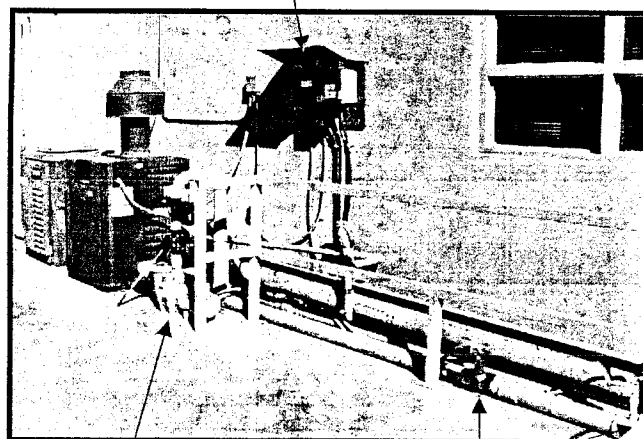


**2 Pool BTU Monitor System**



**Controllers**

**Solar Installation**



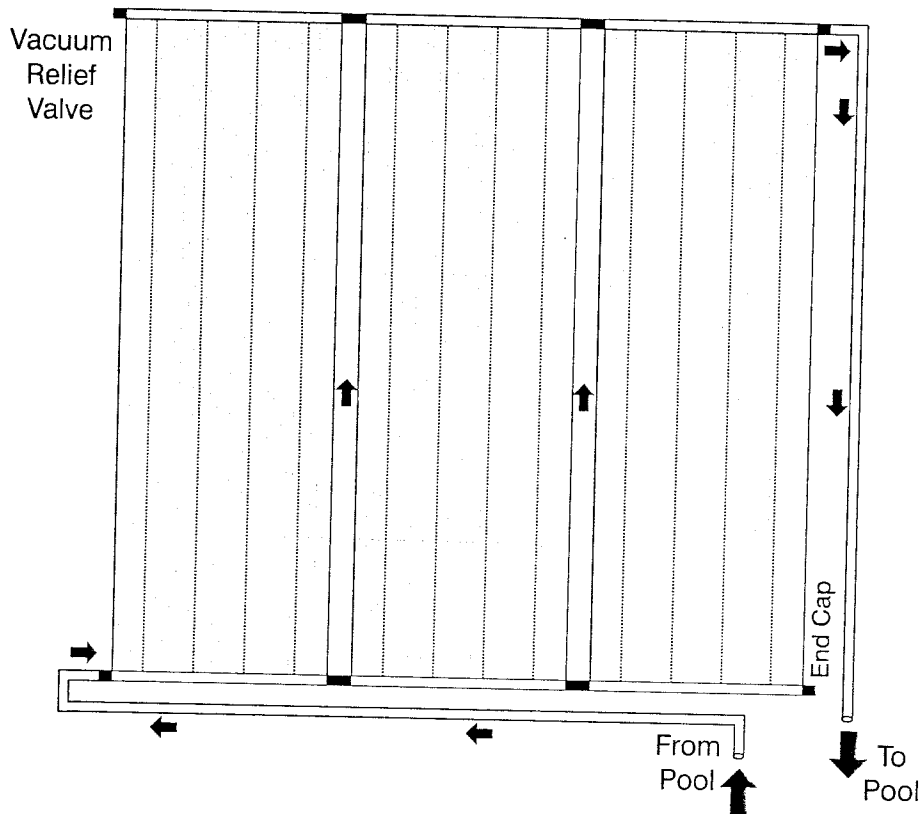
**Booster Pump**

**Sensors**

## BTU MONITOR DISPLAY

- **FLOW** - Gallons per minute
- **TEMPERATURE TO PANELS T-2**
- **TEMPERATURE FROM PANELS**
- **TOTAL GALLONS THROUGH SYSTEM**
- **SENSORS - REGISTER DIFFERENCE FROM T3-T2 = +/- DEGREES**
- **POWER 2**  
the power produced per hour in kBTU's
- **HEATING 2**  
the total kBTU's produced by the system
- **ONE or TWO HOUR ACCUMULATOR(S)**

# Collector Schematic



**SUN SYSTEMS**  
INC.

SOLAR SYSTEMS & POOL BARRIERS

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(800) 777-6657

Fax: (623) 869-0891

K5 Dual - Res/Com ROC#197756  
Pool Cover ROC#184561

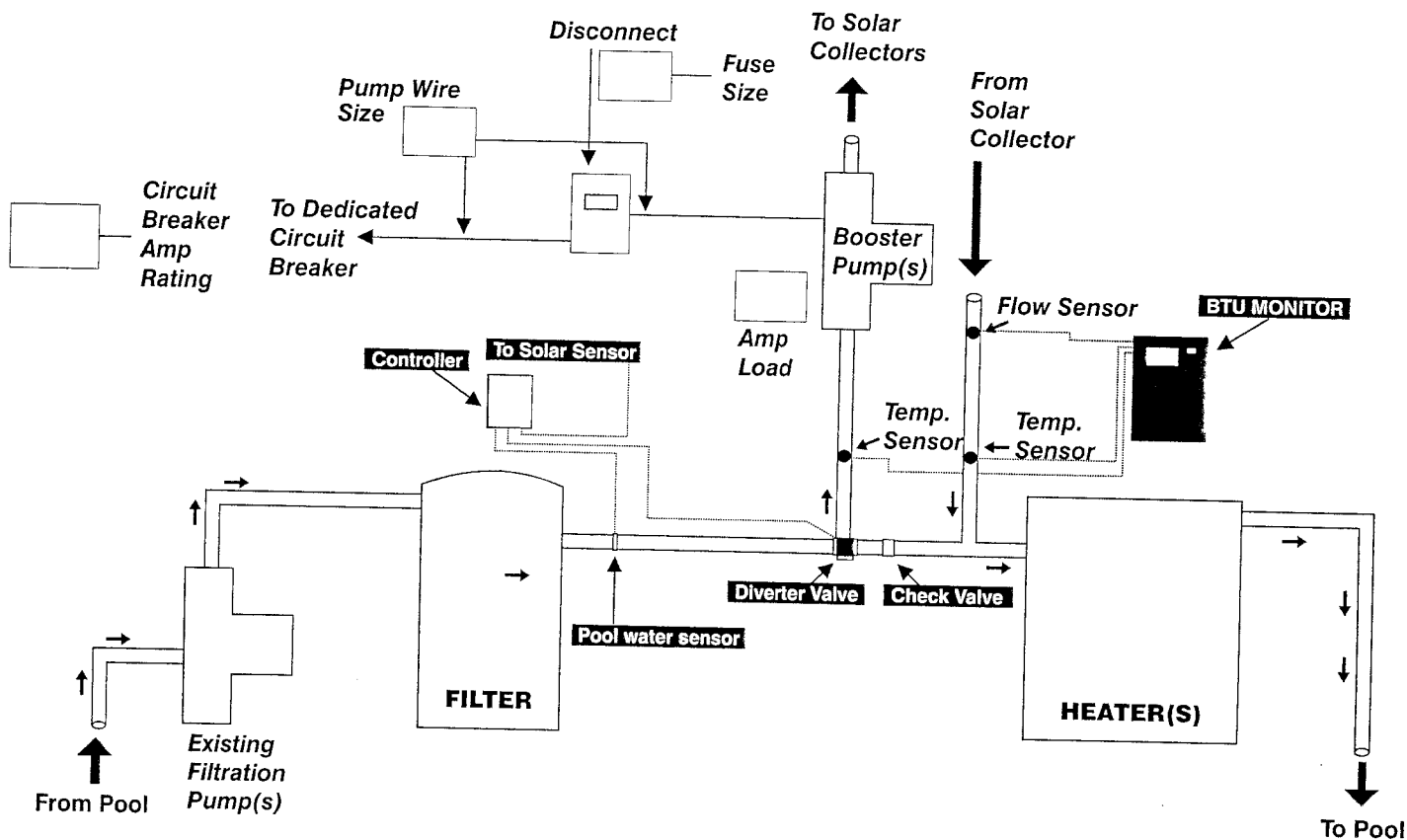
## PER PANEL FLOW RATE

4' x 8' Panel • 3 Gallons/Minute

4' x 10' Panel • 4 Gallons/Minute

4' x 12' Panel • 5 Gallons/Minute

# Plumbing Schematic



## SWIM SAVER GUIDE SPECIFICATIONS

One solar collector is of a size (4'x12', 4'x10', or 4'x8') with an overall frontal area of (47.3, 39.3, or 31.4) square feet each. Collectors are fabricated from a propylene copolymer with stabilizer combination providing long term resistance to heat and light. The weight of the collector, when filled with water, will be no more than 1.3 pounds per square foot of frontal area. The collectors are capable of withstanding an internal static pressure of 85 psi at operating temperature and shall be resistant to corrosion, freezing, and internal scale accumulation.

Collectors are capable of thermal performances of at least 85% efficiency when inlet fluid temperature equals ambient temperature and are capable of collecting solar energy when the inlet fluid temperature exceeds the ambient air temperature by 60°F with 250 BTU per square foot per hour.

Pressure head loss of a single panel must not exceed 0.30 feet water at recommended flow rate.

Collector mounting center shall be 51 inches.

Collector mounting shall consist of 18-8 chromium-nickel stainless steel mounting hardware with two continuous transverse straps having black polypropylene coating. Transverse straps shall be fastened with 18-8 chromium-nickel stainless steel clamps and brackets.

Water connections shall be made with hose sections extruded from EPDM (ethylene-propylene-diene-terpolymer) 70 durometer minimum hardness. Hose clamps shall be all stainless worn gear type with 18-8 chromium-nickel stainless band.

The collectors meet or exceed the minimum standards established by the Florida Solar Energy Center, other applicable nationally recognized standards, and are manufactured in the USA.

## THERMAL PERFORMANCE

Thermal Performance Equation  $-n=85.8-3.42$

Incident Angle Modifier  $-K_{qr}=1.0-0.03$

(rated in accordance with ASHRAW standard 96-80)

Florida Solar Energy Center Certification

4x12' - 47,700 (BTU's per standard day)

4x10' - 39,800 (BTU's per standard day)

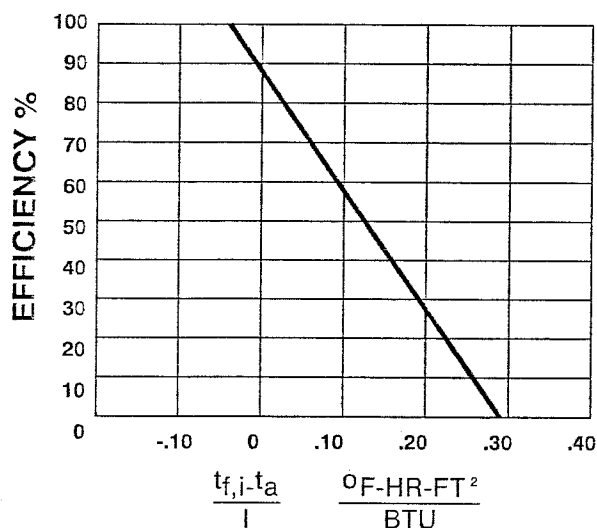
4x8' - 31,800 (BTU's per standard day)

## CERTIFICATIONS, APPROVALS & TESTING

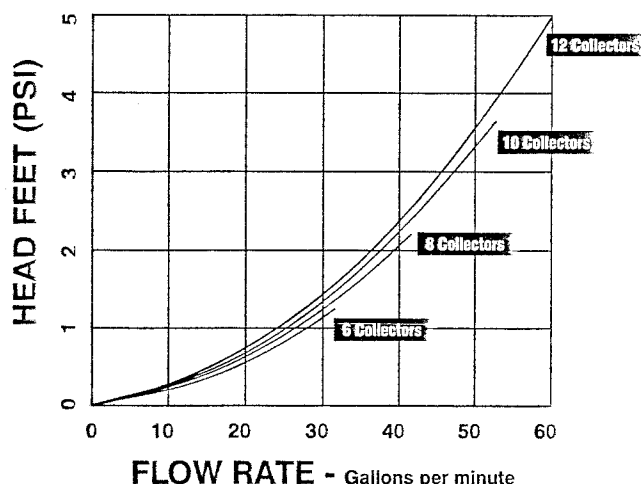
The Swimsaver Solar Pool Heating System meets or exceeds the criteria for approvals from the following accredited independent laboratories and approval agencies:

- International Association of Plumbing and Mechanical Officials (IAPMO)
- Florida Solar Energy Center
- Dade County, Florida
- City of Los Angeles, California

## INSTANTANEOUS EFFICIENCY OF SWIM SAVER COLLECTORS



## HEAD PRESSURE LOSS OF MULTIPLE SWIM SAVER COLLECTORS



SOLAR SYSTEMS & POOL BARRIERS

Ph: (623) 869-7652

(800) 777-6657

Fax: (623) 869-0891

K5 Dual - Res/Com ROC#197756  
Pool Cover ROC#184561

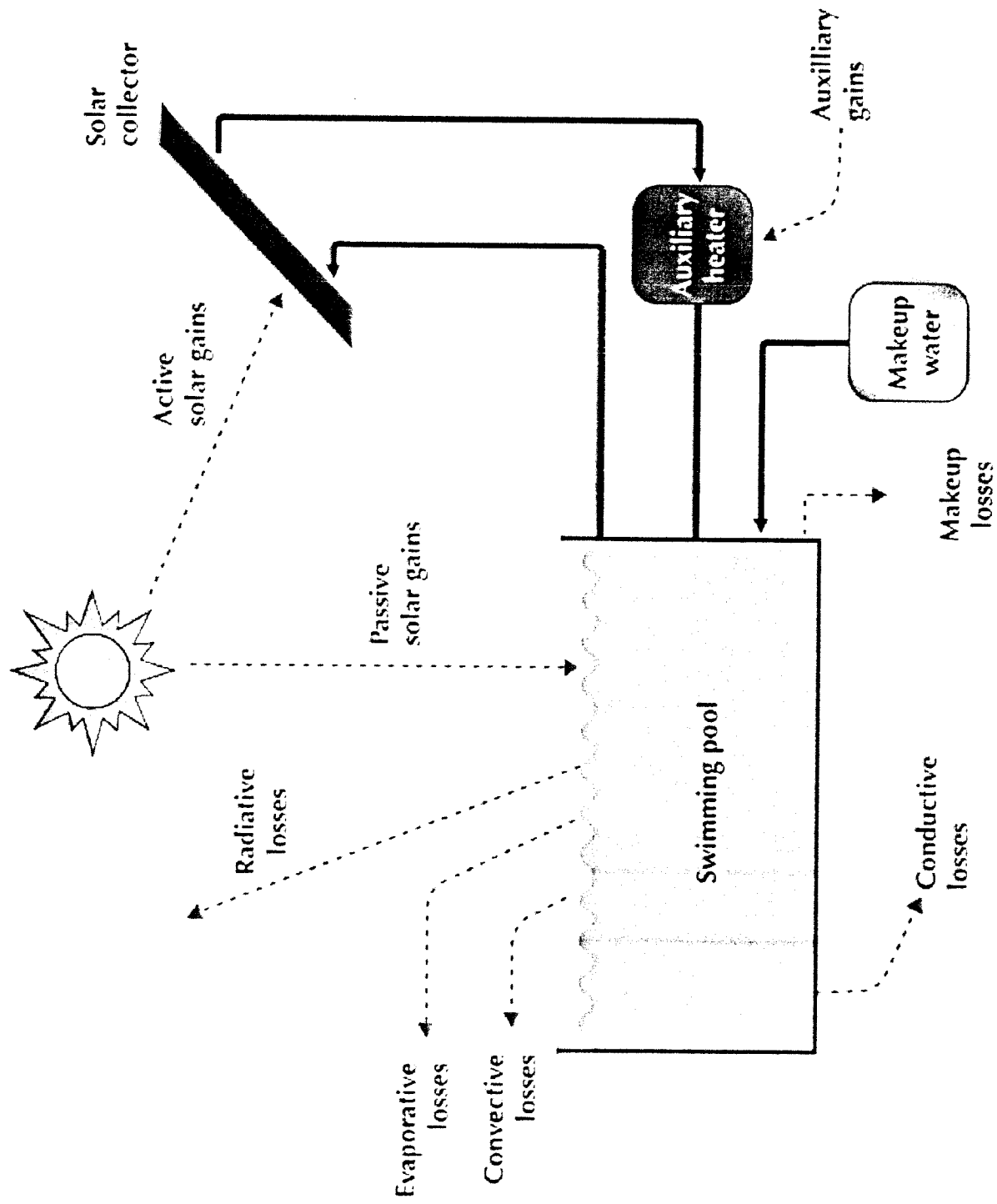
## Why Aluminum Racks

**Swim Saver** solar panel's patented design features create their high BTU rating exceeding all competitors, but it is the aluminum rack that creates the optimum position for performance, reliability, and durability and extends the longevity of the solar collectors by assuring the correct angle for sun exposure and proper drainage. Custom manufacturing the aluminum racks for individual applications guarantees maximum collector performance while complying with visibility restrictions.

Mounting solar collectors on racks is extremely important. The polypropylene tubes are only  $\frac{1}{4}$  inch in diameter, which make them extremely susceptible to freezing. Every manufacturer's installation manual states that for any warranties to be honored all panels must be installed with the ability to drain completely. This requires the panels to be pitched. Panels laid flat on a flat roof will not drain; therefore their lifespan will be dramatically shortened by rupturing after freezing. The slight pitch engineered on a flat roof to move rain water to the scuppers for draining is not sufficient to remove the water from the solar collectors to prevent them from freezing and splitting the tubes.

In the course of our 22 years in business, we have found that by custom manufacturing aluminum racks for the installation of our solar collectors we accomplish two things. First, that the collectors are properly pitched to receive maximum exposure from the sun, supplying the greatest heat absorption and BTU output and second, the racks guarantee the solar panels will drain fully, leaving no excess water in the collectors to freeze if conditions occur where this is a danger. The output BTU rating of a solar collector is measured while the collector is correctly angled toward the sun. A solar panel laying flat will produce 25% less energy than the rating states. Installing collectors on racks has allowed purchasers of **Swim Saver** solar pool heating systems to enjoy their systems 25 years or more with no freeze damage.

# POOL SOLAR HEATING SYSTEM SCHEMATIC



# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **July 31, 2009**

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

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 (June 25, 2009) and to review the BCA Financial Statements for June 2009. For additional topics see enclosed Meeting Agenda.

#### **Minutes of the June 25, 2009 B&F Committee Meeting**

The Minutes of the June 25, 2009 B&F Committee meeting were reviewed and unanimously approved.

#### **Review of BCA Financials for June 2009**

See attached copy of Review for details. The Committee discussed the issue of reclassifications of Reserve expenses originally charged against Operating funds previously mentioned in the May 2009 review. Carlton Rooks recommended and the Committee agreed that such matters that need resolution should be brought to the attention of AAM by means of a separate memorandum that follows a format allowing for a running record and timely follow-ups. Clayton Loiselle will prepare such a list of current action items. Carlton Rooks also pointed out that it would be helpful if AAM could develop a *Narrative* as guide for Accounting in determining how expenses should be paid: either from Reserves or Operating Funds. The B&F Committee has provided assistance in this matter in the past. - Noted were among the list of Expenses: *Postage & Copies* is \$8,160 or 102% over budget YTD and *Repairs & Maintenance* is \$29,289 or 170% over budget YTD.

#### **Increase in Receivables in BCA Balance Sheet**

Also was discussed the notable increase in BCA's *Accounts Receivable* to \$13,465. The Committee assumed that one contributing factor is the growing balances of unpaid assessments, CC&R violation charges and late fees by some Bellasera residents. Ted Dixon will communicate the concerns of the Committee to the Board of Directors for consideration of appropriate action and possible use of Small Claims court procedures. The size of the *Accounts Receivable* impacts the cash position of the Bellasera Community as the the Fiscal Year for BCA ends with a very low \$5,635 balance of *Owners' Operating Equity*. This means that the starting balance for the new Fiscal Year will be even lower if additional income taxes due for FY 2008/2009 are deducted.

**Update of Proposal of Solar Heating of BCA Community Pool/Club House**

No news until the next meeting with representatives of Sun System, Inc.

**New Business**

Members of the B&F Committee are encouraged to explore interest of other Bellasera residents to serve on the Committee.

**Other Business**

There being no other business the meeting was adjourned at 4:35 PM.

**The next Meeting Date**

Friday, September 25, 2009 at 2:30 PM at the Clubhouse.<sup>1</sup>

**Enclosures:** Review of BCA Financials for June 2009;  
Agenda for B&F Committee Meeting on July 31, 2009.

Prepared by:

Approved by:

Charles Schroeder  
Recording Secretary, B&F Committee

Clayton Loiselle  
Chairman, B&F Committee

---

<sup>1</sup> Meeting Date/Time subsequently changed to Friday, October 2, 2009 at 2:00 PM.

## Review of BCA Financials for June 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$41,919 (including the Petty Cash Account) were comfortably within the current insurance limit established by the FDIC . **BCA Check #394 for \$3,500 drawn on 6/11/2009 against the BCA Reserve Account at Merrill Lynch and payable to HOA Bellasera is described as covering Reserve Expenses without further details.** I pointed out in last month's review that the bookkeeping records should clearly identify the purpose and to whom these funds were paid. A tighter control of these Reserve Account vs. Operating Account adjustments would also make it easier to reflect such changes in the monthly *Reserve Statement*.

**Balance Sheet Items:** *Accounts Receivable* of \$13,465 seems to be at an all-time high for a month during which no regular assessments are due. The *Owner's Operating Equity* will have a starting balance of \$5,635 for the new Fiscal Year. This is **before** taxes for the prior year are deducted and is much too low.

**Income:** Above budget mainly due to collection of CC&R violation fees.

**Salaries & Wages:** Slightly over budget.

**Administrative & General:** With the exception of *Postage & Copies* which is \$8,160 or 102% over budget and an unbudgeted payment of \$2,610<sup>2</sup> for the update of the Reserve Study YTD this category is in line with the budget.

**Contract Services:** YTD under budget by \$9,068.

**Repairs & Maintenance:** Over budget for the month due to various repairs of \$1,652 but YTD \$29,289. Please see extensive details in YTD Variance Report.

**Utilities:** All categories under budget except *Electricity* and *Telephone* for the month, but overall under budget by 13.2% YTD.

**Income Taxes:** Current as to IRS. No estimated State income taxes paid on 6/15/2009, but BCA may be entitled to a refund if the amount of \$2,541.93 paid YTD is correct.

**Insurance:** \$913 over budget YTD. This seems high.

**Owners' Equity:** see comment above under *Balance Sheet Items*.

### **Replacement Reserve Account at Merrill Lynch:**

As of June 30, 2009 the total balance is \$684,199 yielding overall 2.83% p.a. interest vs. 2.86% p.a. in May. Of this amount \$500,000 were invested in CD's. (See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 6/30/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder, July 29, 2009

<sup>2</sup> Note to Viola Lanam: This payment is to be charged to Reserves.



**Bellasera Community Association  
Budget & Finance Committee**

**Meeting Agenda for July 31, 2009**

1. Review / approve minutes of our last meeting (June 25, 2009)
2. Review of BCA Financial Statements for June 2009
3. Increase in Receivables in BCA Balance Sheet
4. Quarterly Transfer of Funds to Reserves
5. Discuss other existing business
  - a) Update of Proposal for Solar Heating of BCA Pool / Club House
  - b) Graphic Summary Page of BCA Monthly Budget Comparison
6. New business
7. Next Meeting Date

# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **October 2, 2009**

**PRESENT:** Clayton Loiselle, Carlton Rooks and Charles Schroeder

**ABSENT:** Theodore Dixon

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 (July 31, 2009) and to review the BCA Financial Statements for July & August 2009. For additional topics see enclosed Meeting Agenda.

#### **Minutes of the July 31, 2009 B&F Committee Meeting**

The Minutes of the July 31, 2009 B&F Committee meeting were reviewed and unanimously approved.

#### **Review of BCA Financials for July & August 2009**

See attached copies of Reviews for details. The Committee discussed its concern about the high level of *Accounts Receivable* at \$18,901 in August or 30% of the monthly total of Association Dues (though down from \$43,469 in July). Clayton Loiselle to discuss this problem further with Ted Dixon, who was unable to join the meeting, including actions to collect on outstanding HOA dues as well as past due violation fines and fees and ways to minimize the risk of losses to Bellasera including securing its interest through perfected liens. Overall the BCA Financials show that expenditures are in line with budget. One exception are the *Telephone* expenses which are 252% over budget and +226% YTD.

#### **BCA Operating Account at Merrill Lynch**

Given that bank accounts are now FDIC insured up to \$250,000 until 12/31/2013 and the successor to former First National Bank of Arizona, Mutual of Omaha Bank (MOB) is credit worthy the B&F Committee recommends to close the account at Merrill Lynch. This will save the \$300 annual fee and MOB currently pays a higher rate of interest. We will prepare a resolution for consideration by the board at its next meeting.

#### **BCA Reserve Fund Investment Options**

Currently BCA has \$410,000 invested in Certificates of Deposit and during the current FY we will have about \$380,000 to invest and possibly more depending on whether or not the Board sees a need for additional repair and maintenance projects beyond the scheduled \$125,070 reserve fund expenditures. The fact is that current interest rates that can be earned on CD's are very, very low. Charles Schroeder has obtained the latest List of CD Quotes from Merrill Lynch, distributed under separate cover.

**Existing Business**

Members of the B&F Committee continue to explore interest of other Bellasera residents to serve on the Committee. So far without success.

**Other Business**

There being no other business the meeting was adjourned at 4:30 PM.

**The next Meeting Date**

Friday, October 23, 2009 at 2:30 PM at the Clubhouse.

**Enclosures:** Review of BCA Financials for July 2009;  
Review of BCA Financials for August 2009;  
Agenda for B&F Committee Meeting on October 2, 2009;  
Correspondence with C.Vaaler of AAM re: June/July Financials.

Prepared by:

Approved by:

Charles Schroeder  
Recording Secretary, B&F Committee

Clayton Loiselle  
Chairman, B&F Committee

## Review of BCA Financials for July 2009

**Comments:** Operating Balances for the month at the Community Association Bank with a high of \$84,549 (including the Petty Cash Account) were comfortably within the current insurance limit established by the FDIC . As in the past, the quarterly transfer of \$53,930 to Reserves took place, but from now on will be recorded in monthly installments of \$17,976.67. The July figures have been adjusted to reflect that.

**Balance Sheet Items:** *Accounts Receivable* have risen by \$30,004 to \$43,469 an all-time high. (This amount has been reduced by \$18,625.66 to \$24,843 as of 8/17/09). The amount is the result of late and/or insufficient dues payments, delinquent assessments, CC&R violation - and late fees and, by historical data, is considered excessive. Fluctuations in the balance of *Owners' Equity* between the Balance Sheet as of 6/30/2009 and this month have to do with the accounting software used by AAM. See attached explanation by AAM.

**Income:** Above budget mainly due to collection of CC&R violation charges and late fees.

**Salaries & Wages:** Slightly under budget.

**Administrative & General:** Under budget.

**Contract Services:** Over budget due to one extra payday during reporting period.

**Repairs & Maintenance:** Overall under budget for the month.

**Utilities:** All categories under budget except *Telephone* which is 80% over budget even after deducting a \$166.01 refund.

**Income Taxes:** No payments recorded this month.

**Insurance:** In line with budget.

**Operating Owners' Equity:** The balance is now \$12,197.64.

### **Replacement Reserve Account at Merrill Lynch:**

As of July 31, 2009 the total balance as per ML Statement is \$749,133 yielding overall 2.60% p.a. interest vs. 2.83% p.a. in June. Of this amount \$500,000 were invested in CD's. (See table below).

**Next CD Maturity:** September 4, 2009, \$90,000.

### **BCA Reserve Funds at Merrill Lynch invested in FDIC insured CDs as of 7/31/09**

<b>Date Acquired</b>	<b>Bank</b>	<b>Amount</b>	<b>Interest Rate per annum</b>	<b>Maturity</b>
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder, August 21, 2009

Encl.: E-mail by Christina Vaaler, Staff Accountant, AAM

## Review of BCA Financials for August 2009

**Comments:** Operating Balances for the month at the Community Association Bank (including the Petty Cash Account) were comfortably within the current insurance limit established by the FDIC .

**Balance Sheet Items:** Although *Accounts Receivable* have come down from an all-time high of \$43,469 last month by \$24,567.94 to \$18,900.72, this is still a very high amount year over year. Since funds tied up in *Accounts Receivable* place constraints on our Operating Funds it is imperative that every effort is made to reduce the level of A/R's. For a year over year comparison see the graph below:

### GROWTH OF BELLASERA'S A/R's

Year	June 30	July 31	August 31
2008	\$1,855.42	\$8,254.60	\$4,351.02
2009	\$13,464.52	\$43,468.66	\$18,900.72
<b>Increase</b>	626%	427%	334%

**Income:** Slightly below budget mainly due to reversal of several CC&R violation charges and late fees.

**Salaries & Wages:** In line with budget.

**Administrative & General:** Slightly under budget.

**Contract Services:** Slightly under budget.

**Repairs & Maintenance:** 70% under budget.

**Utilities:** All categories are under budget except *Telephone* which is 252% over budget; 226% YTD.

**Income Taxes:** No payments recorded this month.

**Insurance:** In line with budget.

**Operating Owners' Equity:** The balance is now \$22,423.20, an increase of \$10,218.

### **Replacement Reserve Account at Merrill Lynch:**

As of August 31, 2009 the total balance as per ML Statement is \$750,128 yielding overall 2.58% p.a. interest vs. 2.60% p.a. in July. Of this amount \$500,000 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 8/31/09

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
8-25-08	JPMorganChase	\$90,000	3.55%	9-4-2009
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
	<b>Total</b>	<b>\$500,000.00</b>	<b>3.77%</b>	

Charles Schroeder, August 20, 2009

## **BELLASERA COMMUNITY ASSOCIATION**

### **BUDGET & FINANCE COMMITTEE MEETING**

October 2, 2009 2:00 PM

1. Review / approve the minutes of our last meeting on July 31, 2009
2. Review the Financial Statements for July and August 2009, particularly,
  - a. The alarming increase in accounts receivable (non-payment of HOA dues)
  - b. Securing BCA position to recover HOA dues
  - c. Actions to collect HOA dues
3. Reserve Fund status
  - a. Projection of Reserve Fund expenditures for Board review / concurrence
  - b. Re-investment recommendation given today's financial environment
  - c. Working capital line of credit
4. Closure of Merrill Lynch operating account
5. Investigation of possible accounting alternatives
6. Underwhelming response to request for additional B&F Committee members
7. Set schedule for next B&F meeting

## **Correspondence between C. Vaaler and C. Schroeder**

Here are my answers to your questions/comments from the below email:

- I fixed the monthly budgeted reserve amount. I will attach the updated financials – abbreviated. As for the yearly budgeted assessment amount being incorrect on the abbreviated financial – I compared it to the full set of financials and there was actually more than one account that was incorrect with regard to the Annual budget amount. I did correct it this morning, and will attach the updated abbreviated June financial. It had to do with a setting in Jenark when we create the abbreviated financial – it was an easy fix. It should not happen again in the future.
- When we close out a year in Jenark, our accounting software, it will automatically close the surplus/deficit to GL account 3501. Jenark also automatically net's the Operating and Reserve net surplus/deficit together when it creates the closing entry. For example, for the year ending June 2009 there was an Operating deficit of \$4,808.49 and the Reserves had a deficit of \$21,363.79 – together totaling a deficit of \$26,172.28. This is what would have been the closing entry for GL 3501. So I have to create a journal entry to credit GL 3501 (taking away the reserve deficit from the operating equity) and debit GL 3502 to account for the reserve deficit. I will attach a print out of an account inquiry for GL 3501 so you can see what I am referring to.

If you need anything else, please let me know. I am happy to help.

**Christina Vaaler**

Staff Accountant

AAM, LLC

602-906-4907 Direct Line

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602-957-9191 Main Line

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**From:** Chas150@aol.com [mailto:Chas150@aol.com]  
**Sent:** Thursday, August 20, 2009 2:56 PM  
**To:** Viola Lanam; Christina Vaaler  
**Cc:** crpr797@msn.com; csloiselle@cox.net; TedDixon@aol.com; Rooksck@cox.net  
**Subject:** Bellasera Financials for June/July 2009

Hi Vi and Christina,

Thank you both very much for providing the abbreviated July Financials with the Transfer to Reserves adjustment to reflect the monthly impact and the spread sheet showing Fiscal Year End adjustments as well as the updated Accounts Receivable Listing.

I would like to comment as follows:

- I noted that the abbreviated version of the July Financials shows the monthly transfer amount as \$17,984 while it should be \$17,976.67 and the annual Total should be \$215,720. Also the annual total of Bellasera's Assessments should read \$748,800 not \$736,368. Through out the *ANNUAL BUDGET* column there are deviations from our current Budget numbers and line items. I believe this can easily be fixed.
- As to the adjustment of the Fiscal Year End Owners' Equity accounts I agree with Christina that the respective Surplus/Deficit balances need to be combined with the respective starting balances which then become the starting balances for the new FY. But what puzzled me is that the exact balance of \$21,363.79, which represented the Deficit of the Reserve Equity Account and had properly been folded into the prior year starting balance of \$708,954.31, now shows up as a credit in the OPS Equity Account. This can be seen in the July Financials before the adjustment as reflected in the abbreviated version. The OPS Equity Account was adjusted by folding the Deficit of \$4,808.49 into the starting balance of \$10,203.34 to arrive at the starting balance of \$5,394.85 in the new FY. So, my question is how did the Deficit (Loss) of \$21,363.79 in the Reserve Equity Account at the end of June turn into a credit to the OPS Equity Account in the same amount in July without any transfer of funds from Reserves to Operations recorded? Maybe I have this problem because I am not an accountant.
- As to the updated Accounts Receivable List it is clear that there were numerous late payments. I am still shocked that roughly 20% of the residents (including those who did not pay in full) were still delinquent on August 12, 2009 and that half of those were still outstanding on August 17, 2009.

Charles Schroeder



# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **October 23, 2009**

**PRESENT:** Clayton Loiselle, Carlton Rooks and Charles Schroeder

**ABSENT:** Theodore 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 (October 2, 2009) and to review the BCA Financial Statements for September 2009. For additional topics see enclosed Meeting Agenda.

#### **Minutes of the October 2, 2009 B&F Committee Meeting**

The Minutes of the October 2, 2009 B&F Committee meeting were reviewed and unanimously approved.

#### **Review of BCA Financials for September 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 \$12,577 at the end of September of which \$10,043 is delinquent 90 days or more. This amounts to \$35 or two of the last quarterly dues increases per Bellasera home-owner. The Management Company and the Board have been handling this matter closely because of its sensitive nature and the Committee will follow future developments. Appropriate actions have been taken to protect the interests of the Bellasera residents as much as possible. Overall the BCA Financials show that expenditures are in line with budget.

#### **BCA Operating Account at Merrill Lynch Closure**

Given that bank accounts are now FDIC insured up to \$250,000 until 12/31/2013 and the successor to former First National Bank of Arizona, Mutual of Omaha Bank (MOB), is credit worthy the B&F Committee had recommended the Board issue a resolution to close the operating account at Merrill Lynch. The Board adopted the resolution at its last meeting. This will save the \$300 annual fee and earn the higher rate of interest paid by MOB.

#### **BCA Reserve Fund Investment Options**

Currently BCA has \$410,000 invested in Certificates of Deposit and during the current FY we will have about \$380,000 to invest and possibly more depending on whether or not the Board sees a need for additional repair and maintenance projects beyond the scheduled \$125,070 reserve fund expenditures. The fact is that current interest rates that can be earned on CD's are very, very low. Charles Schroeder has obtained the latest List of CD Quotes from Merrill Lynch, distributed under separate cover (enclosed). The subject was discussed during the last Board Meeting (yesterday) and President Chuck

Roach said that currently he did not anticipate any reserve fund expenditures beyond the budgeted amount of \$125,070, but would raise this amount to \$200,000 to cover potential emergency needs. The Committee discussed various investment options and, at this time, recommends investing in **short term only** ladder CD's, i.e., approximately equal amounts in 3, 6, 9 and 12 months terms.

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

The Committee reviewed the report and felt that, in particular, the presentation of Bellasera's Reserve Funding condition is not clear enough to convince lay people that the funding levels are fair and adequate. It is possible that the accountant is limited here by accounting convention and rules. Also, the statement that the Reserve Plan as developed by the consultant does not factor inflation estimates into the future replacement cost calculations is erroneous. The factor used is a rate of inflation of 3% (which currently is above the actual rate!).

**Status Report as to additional B&F Committee members**

No news as to any new members. Keith Christian is planning soon to have a *Volunteering Night* event to attract new members for all committees.

**Other Business**

There being no other business the meeting was adjourned at 4:10 PM.

**The next Meeting Date**

Thursday, December 3, 2009 at 2:30 PM at the Clubhouse.

**Enclosures:** Review of BCA Financials for September 2009;  
Agenda for B&F Committee Meeting on October 23, 2009;  
Merrill Lynch (BofA) CD Rates as of October 14, 2009.

Prepared by:

Approved by:

Charles Schroeder  
Recording Secretary, B&F Committee

Clayton Loiselle  
Chairman, B&F Committee

## Review of BCA Financials for September 2009

**Comments:** Operating Balances for the month at the Community Association Bank (including the Petty Cash Account) were comfortably within the current insurance limit of \$250,000 established by the FDIC . Separately, the B&F Committee has recommended to merge the OPS account at ML into the aforementioned account.

**Balance Sheet Items:** Although *Accounts Receivable* have come down from \$18,900 last month by \$6,323.90 to \$12,576.82, this is still a very high amount year over year. Since funds tied up in *Accounts Receivable* place constraints on our Operating Funds the protection against potential losses becomes a high priority. For a year over year comparison see the graph below:

### GROWTH OF BELLASERA'S A/R's

Year	June 30	July 31	August 31	Sept. 30
2008	\$1,855.42	\$8,254.60	\$4,351.02	\$2,575.72
2009	\$13,464.52	\$43,468.66	\$18,900.72	\$12,576.82
% of Dues	7 %	23 %	10 %	7 %
Increase	626%	427%	334%	388%

**Income:** Slightly above budget mainly due to collection of several CC&R violation charges and legal fees.

**Salaries & Wages:** In line with budget.

**Administrative & General:** Slightly under budget.

**Contract Services:** Slightly under budget.

**Repairs & Maintenance:** 22 % under budget.

**Utilities:** All categories are under budget. Except *Telephone*: no bill received but a previously charged "termination fee" will be refunded to BCA.

**Income Taxes:** No payments due this month because of overpayment during prior FY.

**Insurance:** In line with budget.

**Operating Owners' Equity:** The balance is now \$32,692.58, an increase of \$10,269.

### **Replacement Reserve Account at Merrill Lynch:**

As of September 30, 2009 the total balance as per ML Statement is \$751,769 yielding overall 2.13% p.a. interest vs. 2.58% p.a. in August. 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 9/30/09

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
	<b>Total</b>	<b>\$410,000.00</b>	<b>3.82%</b>	

Charles Schroeder, October 19, 2009

**BELLASERA COMMUNITY ASSOCIATION**  
**BUDGET & FINANCE COMMITTEE MEETING**  
October 23, 2009 2:30 PM

1. Review / approve the minutes of our last meeting on October 2, 2009
2. Review the Financial Statements for September 2009
3. Reserve Fund status
  - a. Projection of Reserve Fund expenditures for Board review / concurrence
  - b. Re-investment recommendation given today's financial environment
  - c. Working capital line of credit
4. Closure of Merrill Lynch operating account
5. Review of BCA Accountant's Compilation Report as of June 30, 2009
6. Status Report as to additional B&F Committee members
7. Other Business
8. Set schedule for next B&F meeting

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Symbol:		From		To	
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Offer Qty:	<=	Settle Date (mm/dd/yyyy):			
Cusip/MLSecNo:		Coupon:			
Available for Sale in the State(s) of:		APY:			
Term:	All				
CD Type:	All				

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Buy	Offer Qty	Term	Symbol	MLSecNo	Coupon	APY	Issuer	Location	Offer Price	Credit	Type	Coupon Freq	Settle Date	Maturity	FDIC Number
Buy	5,401,000	3 MO	CD3RFD	HAS60	0.250	0.250	WILMINGTON TRUST CO	WILMINGTON, DE	100	0.750	FXD	At Mat	10/21/2009	01/21/2010	680
Buy	7,438,000	3 MO	CD3ILT	H9893	0.300	0.300	GE MONEY BANK	DRAPER, UT	100	0.750	FXD	At Mat	10/16/2009	01/19/2010	27314
Buy	9,615,000	3 MO	CD3BKP		0.350	0.350	FIRSTBANK OF PR	SANTURCE, PR	100	0.750	FXD	At Mat	10/23/2009	01/25/2010	30387
Buy	8,188,000	3 MO	CD3XVQ	H99E0	0.350	0.350	ALLY BK (GMAC BK)	MIDVALE, UT	100	0.750	FXD	At Mat	10/21/2009	01/21/2010	57803
Buy	8,615,000	6 MO	FIXILT	H9896	0.200	0.200	GE MONEY BANK	DRAPER, UT	100	1.750	FXD	At Mat	10/16/2009	04/16/2010	27314
Buy	8,320,000	6 MO	FIXRFD	HAS62	0.200	0.200	WILMINGTON TRUST CO	WILMINGTON, DE	100	1.750	FXD	At Mat	10/21/2009	04/21/2010	680
Buy	9,751,000	6 MO	FIXVQ	H99E1	0.300	0.300	ALLY BK (GMAC BK)	MIDVALE, UT	100	1.750	FXD	At Mat	10/21/2009	04/21/2010	57803
Buy	9,768,000	6 MO	FIXBKP		0.400	0.400	FIRSTBANK OF PR	SANTURCE, PR	100	1.750	FXD	At Mat	10/23/2009	04/23/2010	30387
Buy	8,492,000	9 MO	CD9ILT	H9894	0.350	0.350	GE MONEY BANK	DRAPER, UT	100	2.750	FXD	At Mat	10/16/2009	07/16/2010	27314
Buy	8,153,000	9 MO	CD9RFD	HAS64	0.350	0.350	WILMINGTON TRUST CO	WILMINGTON, DE	100	2.750	FXD	At Mat	10/21/2009	07/21/2010	680
Buy	5,275,000	9	CD9POL	HAT53	0.500	0.500	COASTAL BANK	SAVANNAH,	100	2.750	FXD	At Mat	10/27/2009	07/27/2010	20134

MO										GA									
<b>Buy</b>	15,990,000	9	CD9XVQ	H99E6	0.500	0.500	ALLY BK (GMAC BK)	MIDVALE, UT	100	2.750	FXD	At Mat	10/21/2009	07/21/2010	57803				
<b>Buy</b>	45,234,000	9	CD9QRT	HAS22	0.550	0.550	BANK OF AMERICA NA	CHARLOTTE, NC	100	2.750	FXD	At Mat	10/21/2009	07/21/2010	3510				
<b>Buy</b>	9,712,000	9	CD9BKP		0.600	0.600	FIRSTBANK OF PR	SANTURCE, PR	100	2.750	FXD	At Mat	10/23/2009	07/23/2010	30387				
<b>Buy</b>	8,818,000	1 YR	CDILT1	H99A0	0.650	0.650	GE MONEY BANK	DRAPER, UT	100	3.750	FXD	At Mat	10/16/2009	10/18/2010	27314				

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Offer Qty:	<=	Settle Date (mm/dd/yyyy):			
Cusip/MLSecNo:		Coupon:			
Available for Sale in the State(s) of:		APY:			
Term:	All				
CD Type:	All				

48 Record(s) Found. Showing 16 - 30 Prev Page Next Page

	Offer Qty	Term	Symbol	MLSecNo	Coupon	APY	Issuer	Location	Offer Price	Credit Type	Coupon Freq	Settle Date	Maturity	EDIC Number	
Buy	20,086,000	1 YR	CDSHU1	HATL7	0.700	0.700	MIZRAHI TEFAHOT BK	LOS ANGELES, CA	100	3.750	FXD	At Mat	10/28/2009	10/28/2010	33661
Buy	20,459,000	1 YR	CDLW1	H9P4	0.750	0.750	METLIFE BANK NA	BRIDGEWATER, NJ	100	3.750	FXD	At Mat	10/21/2009	10/21/2010	35055
Buy	7,994,000	1 YR	CDXVQ1	H9E4	0.800	0.800	ALLY BK (GMAC BK)	MIDVALE, UT	100	3.750	FXD	At Mat	10/21/2009	10/21/2010	57803
Buy	9,700,000	1 YR	CDBKP1		0.850	0.850	FIRSTBANK OF PR	SANTURCE, PR	100	3.750	FXD	At Mat	10/23/2009	10/25/2010	30387
Buy	40,780,000	1 YR	CDQRT1	HAS12	0.850	0.850	BANK OF AMERICA NA	CHARLOTTE, NC	100	3.750	FXD	At Mat	10/21/2009	10/21/2010	3510
Buy	25,000,000	18 MO	CD18CVG	HATD9	1.100	1.100	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	5.500	FXD	Semi	10/21/2009	04/21/2011	27471
Buy	2,653,000	18 MO	CD18CRL	HAS46	1.150	1.150	CAROLINA FIRST BK	GREENVILLE, SC	100	5.500	FXD	Semi	10/21/2009	04/21/2011	26849
Buy	47,079,000	18 MO	CD18QRT	HAS07	1.200	1.200	BANK OF AMERICA NA	CHARLOTTE, NC	100	5.500	FXD	Semi	10/21/2009	04/21/2011	3510
Buy	11,479,000	18 MO	CD18XVQ	H9E7	1.200	1.200	ALLY BK (GMAC BK)	MIDVALE, UT	100	5.500	FXD	Semi	10/21/2009	04/21/2011	57803
Buy	9,940,000	18 MO	CD18BKP		1.250	1.250	FIRSTBANK OF PR	SANTURCE, PR	100	5.500	FXD	Semi	10/23/2009	04/25/2011	30387

<b>Buy</b>	24,821,000	2 YR	CDCVG2	HATF2	1.550	1.550	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	6.500	FXD	Semi	10/21/2009	10/21/2011	27471
<b>Buy</b>	7,626,000	2 YR	CDILIT2	H99A1	1.550	1.550	GE MONEY BANK	DRAPER, UT	100	6.500	FXD	Semi	10/16/2009	10/17/2011	27314
<b>Buy</b>	3,021,000	2 YR	CDCRL2	HAS49	1.600	1.600	CAROLINA FIRST BK	GREENVILLE, SC	100	6.500	FXD	Semi	10/21/2009	10/21/2011	26849
<b>Buy</b>	9,642,000	2 YR	CDLIW2	H99P5	1.700	1.700	METLIFE BANK NA	BRIDGEWATER, NJ	100	6.500	FXD	Semi	10/21/2009	10/21/2011	35055
<b>Buy</b>	9,860,000	2 YR	CDBKP2		1.750	1.750	FIRSTBANK OF PR	SANTURCE, PR	100	6.500	FXD	Semi	10/23/2009	10/24/2011	30387

48 Record(s) Found. Showing 16 - 30 Prev Page Next Page

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**Symbol:**  **Maturity**  **From**  **To**   
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**Offer Qty:**  **Coupon:**  **APY:**   
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	Offer Qty	Term	Symbol	MLSecNo	Coupon	APY	Issuer	Location	Offer Price	Credit	Type	Coupon Freq	Settle Date	Maturity	EDIC Number
Buy	22,089,000	2.5 YR	CD30YUT	HAT15	2.000	2.000	DISCOVER BANK	GREENWOOD, DE	100	7.000	FXD	Semi	10/21/2009	04/23/2012	5649
Buy	24,059,000	3 YR	CDCVG3	HATG2	2.200	2.200	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	9.000	FXD	Semi	10/21/2009	10/22/2012	27471
Buy	6,572,000	3 YR	CDILT3	H9898	2.200	2.200	GE MONEY BANK	DRAPER, UT	100	9.000	FXD	Semi	10/16/2009	10/16/2012	27314
Buy	1,280,000	3 YR	CDBQW3	H98X4	2.250	2.250	BMW BANK OF NORTH AMER	SALT LAKE CITY, UT	100	9.000	FXD	Semi	10/16/2009	10/16/2012	35141
Buy	9,920,000	3 YR	CDBKP3		2.300	2.300	FIRSTBANK OF PR	SANTURCE, PR	100	9.000	FXD	Semi	10/23/2009	10/23/2012	30387
Buy	24,393,000	3.5 YR	CD42YUT	HAT29	2.250	2.250	DISCOVER BANK	GREENWOOD, DE	100	10.500	FXD	Semi	10/21/2009	04/22/2013	5649
Buy	8,057,000	4 YR	CDNXV4	H99A2	2.550	2.550	GE CAPITAL FINCL INC	HOLLADAY, UT	100	12.500	FXD	Semi	10/16/2009	10/16/2013	33778
Buy	5,569,000	4 YR	CDBQW4	H98X6	2.600	2.600	BMW BANK OF NORTH AMER	SALT LAKE CITY, UT	100	12.500	FXD	Semi	10/16/2009	10/16/2013	35141
Buy	23,807,000	4 YR	CDCVG4	HATE3	2.600	2.600	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	12.500	FXD	Semi	10/21/2009	10/21/2013	27471
Buy	24,909,000	4.5 YR	CD54YUT	HAT45	2.850	2.850	DISCOVER BANK	GREENWOOD, DE	100	12.500	FXD	Semi	10/21/2009	04/21/2014	5649

<b>Buy</b>	24,896,000	5 YR	CDCV/G5	HATH2	2.850	2.850	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	15,000	FXD	Semi	10/21/2009	10/21/2014	27471
<b>Buy</b>	6,509,000	5 YR	CDBQW5	H98X5	3.000	3.000	BMW BANK OF NORTH AMER	SALT LAKE CITY, UT	100	14,000	FXD	Semi	10/16/2009	10/16/2014	35141
<b>Buy</b>	23,215,000	5 YR	CDYUT5	HAT18	3.000	3.000	DISCOVER BANK	GREENWOOD, DE	100	14,000	FXD	Semi	10/21/2009	10/21/2014	5649
<b>Buy</b>	1,515,000	6 YR	CDKDN6	H98X9	2.850	2.850	KATAHDIN TRUST CO	PATTEN, ME	100	17,500	FXD	Semi	10/16/2009	10/16/2015	12874
<b>Buy</b>	24,639,000	7 YR	CDCV/G7	HATF6	3.300	3.300	AMERICAN EXPRESS CENT BK	SALT LAKE CITY, UT	100	20,000	FXD	Semi	10/21/2009	10/21/2016	27471

48 Record(s) Found. Showing 31 - 45 ▾ [Prev Page](#) [Next Page](#)

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# **BELLASERA COMMUNITY ASSOCIATION**

## **Budget & Finance Committee Meeting Minutes**

### **December 3, 2009**

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

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 (October 23, 2009) and to review the BCA Financial Statements for October 2009. For additional topics see enclosed Meeting Agenda.

#### **Status Report as to new B&F Committee members**

Paul Snyder is a prospective member of the Committee. As an observer he joined our meeting today. Clayton Loiselle welcomed Paul and outlined some of the tasks the Committee has and Paul participated actively in the meeting.

#### **Minutes of the October 2, 2009 B&F Committee Meeting**

The Minutes of the October 23, 2009 B&F Committee meeting were reviewed and unanimously approved.

#### **Review of BCA Financials for October 2009**

See attached copies of Review for details. The Committee again discussed its concern about the high level (by historical standards) of *Accounts Receivable* at \$22,063 at the end of October of which about \$10,000 is delinquent 90 days or more. By the end of November *Receivables* were down to \$13,490 yet 48% above November 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). Overall BCA Financials show that total expenditures were below budget.

#### **BCA Operating Account at Merrill Lynch Closure**

As of December 7, 2009 the account has been closed and the funds transferred to the operating account at Mutual of Omaha Bank.

#### **BCA Reserve Fund Investment Options**

Currently BCA has \$410,000 invested in Certificates of Deposit and currently has about \$380,000 to invest including roughly \$180,000 funds for additional repair and maintenance projects as well as the scheduled \$125,070 reserve fund expenditures for the current fiscal year. This leaves about \$200,000 for investment in very short term CD's up to 18 months. The fact remains that current interest rates that can be earned on CD's are very, very low. Charles Schroeder will obtain the latest List of CD Rates from Merrill Lynch. Once we have this information we will make a recommendation to the Board.

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

The Committee previously reviewed the report and felt that, in particular, the presentation of Bellasera's Reserve Funding condition is not clear enough to convince lay people that the funding levels are fair and adequate. It is possible that the accountant is limited here by accounting convention and rules. Also, the statement that the Reserve Plan as developed by the consultant does not factor inflation estimates into the future replacement cost calculations is misleading. The factor used is a rate of inflation of 3% (which currently is above the actual rate!). Clayton to write a memo to the Board.

### **Benefit of Small Claims Court Procedure**

This process of collecting past due assessments is much faster and cheaper compared to using a law firm and should be, in most cases, successful, in particular, when the homeowner is an individual. Ted Dixon has, in the meantime, distributed a very useful booklet prepared by AAM that outlines the details.

### **New Business**

**Next Year's Budget:** We will follow the same procedure as last year with Viola Lanam taking control of it. Key Points: We need an updated narrative to minimize accounting errors. We need updated vendor contracts and we need to keep an eye on potential rate increases by the utility companies.

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

### **The next Meeting Date**

Thursday, January 21, 2010 at 2:30 PM at the Clubhouse.

**Enclosures:** Agenda for B&F Committee Meeting on December 3, 2009;  
Review of BCA Financials for October 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**

December 3, 2009 2:30 PM

1. Review / approve the minutes of our last meeting on October 23, 2009
2. Review the Financial Statements for October 2009
3. Review Reserve Fund cash status & recommend investment action
4. Review Accounts Receivable status
5. Other Business
6. Set schedule for next B&F meeting

## Review of BCA Financials for October 2009

**Comments:** Operating Balances for the month at the Community Association Bank totaling \$86,804 (including the Petty Cash Account) were comfortably within the current insurance limit of \$250,000 established by the FDIC. The operating account at Merrill Lynch was still open and during the last Board Meeting Viola Lanam said she would follow-up on the closing of this account as directed by the Board.

**Balance Sheet Items:** *Accounts Receivable* have increased from \$12,577 last month by \$9,486 to \$22,063, although, by November 8, 2009, the total amount had been reduced to \$14,588. Funds tied up in *Accounts Receivable* place constraints on our Operating Funds and protection against potential losses is a high priority. For a year over year comparison see the graph below:

### GROWTH OF BELLASERA'S A/R's

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

**Income:** Slightly below budget mainly due to refund of several CC&R violation charges and legal fees.

**Salaries & Wages:** In line with budget.

**Administrative & General:** Slightly under budget.

**Contract Services:** Slightly under budget.

**Repairs & Maintenance:** Over budget, but YTD still 16% under budget estimates.

**Utilities:** All categories are under budget.

**Income Taxes:** No payments due this month because of overpayment during prior FY.

**Insurance:** In line with budget.

**Operating Owners' Equity:** The balance is now \$36,044.42, an increase of \$3,352.

#### **Replacement Reserve Account at Merrill Lynch:**

As of October 30, 2009 the total balance as per ML Statement is \$806,491 yielding overall 2.01% p.a. interest vs. 2.13% p.a. in September. 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 10/31/09

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
	<b>Total</b>	<b>\$410,000.00</b>	<b>3.82%</b>	

Charles Schroeder, December 1, 2009