

THE YEAR IN REVIEW
March 15, 2009 THROUGH March 13, 2010

ADMINISTRATIVE ACTIONS
Board of Directors

1. Adopted a Mission Statement
2. Defended a complaint of alleged sexual discrimination by former employee, Kaye Wheeler, against HOA
Result: Complaint dismissed
3. Drafted committee policy and procedure changes that accelerate the service request approval process
Result: Committees required to respond to request within 10 days rather than previous 30 day response time
4. Updated & reformatted the 2009 community telephone directory
5. Devised a method to conduct true secret ballot voting process for future elections and voting issues
6. Published member-approved Bylaw Revisions that were to have been implemented back in 2004
Result: Homeowner's now vote to accept proposed budget and Board must operate within the voted budget constraints
7. Monitoring all legal communications between the attorney regarding the foreclosures and collection process of homes that are in severe default.
Result: HOA providing information which in turn, saved the HOA billing hours
8. Revised existing real estate open house procedures and signage policies which now comply with industry standards
9. Initiated communications program to all owners on a monthly basis
Result: All owners now have pertinent HOA data on a monthly basis which includes detailed financial reports
10. Board investigating new attorney for HOA.
Result: Retained new legal firm for HOA, Ekmark & Ekmark which can serve all needs of the HOA and Board will closely monitor fees .
11. Renegotiated Heywood Realty fees charged in conjunction with home sales & renaming fee to "Administrative Fee" to avoid confusion.
Result: Reduced fee from \$395 to \$275 and condensed to one fee, not multiple fees. i.e. disclosure fee plus transfer fee
12. Providing gate with list of homes for sale in order to assist owners in sale of property
13. Promoting more use of website to assist owners in getting more information with easy access
14. Investigating the possibility for tennis instruction program for owners and their guests
15. Drafted a Release and Indemnification policy for those owners interested in using the West Recreation Area as off leash dog park
16. Updating owners on introduction and revisions of specific Rules and Regulations and also inserting data into surplus binders including compilation of 6 new binders for future sales of property.
Result: Committee formed to review & revise where necessary

17. Board adopted Rules & Regulations Regarding Improper Treatment of Residents, Employees & Contractors & Nuisances

18. Filed police report with City of Scottsdale for vandalism to West Pool furniture.

19. Began a practice of either sending flowers or making a donation to a charity upon learning of an owner's death. Amount not to exceed \$100.

20. Updated HOA Rental/Lease Policy

FINANCIAL TOPICS

Joanne Daley, Darrell Luery, Denny Matthew, Len Tinnan

2009 was a difficult year from a financial management standpoint. First, there was a shortfall of \$14,200 in the budgeted operations income -- due principally to delinquent assessments associated with homes in foreclosure. The foreclosures also led to legal expenses exceeding budget by over \$4,200. Several unanticipated and unbudgeted expenses -- including over \$5,000 to replace one of the HVAC systems in the Clubhouse, approximately \$3,300 to belatedly bring our main pool and spa into compliance with Federal regulations, and several other costly deferred maintenance items -- made it necessary for the HOA Board to take many cost-cutting steps in several areas (see some examples below) to prevent serious depletion of the Association's reserve funds. Those efforts led to an actual under run in budgeted operating expenses, but the net loss from operations for 2009 still was about \$12,850 due to the income shortfall. However, the Association's capital revenues (from transfer fees, a special assessment, etc.) exceeded the actual capital expenditures (principally the resurfacing of the community's roadways) by approximately \$20, 675 -- **resulting in a year-end increase in the HOA's reserve of almost \$8,000.**

1. Brought HOA into compliance with Bylaws and state laws by appointing members for Finance Committee

Result: Committee performed the required financial review and gave Board recommendations for improvement and pointed out concerns in current financial status

2. Treasurer signing all checks and reviewing all invoices as dictated by the Bylaws

3. Reduced overall postage fees by hand delivering material to gate boxes directly vs. USPS

4. Proposed and executed a special assessment vote to rehab interior asphalt roadways which had been postponed from prior year

Result: Project completed May, 2009 with only 5 no votes

5. Re-negotiated pool and spa contract with current vendor

Result: Appr. \$50 per month reduction in fee

6. Examined cost of bottled water service to gate house.

Result: reduced cost by \$20 per month, almost 50%. HOA was receiving double the amount of water needed for the last 3-4 years

7. Reduced cost of phone by requesting a discount for the next 3 months.

Result: Saving HOA \$40 per month (\$120). Will re-evaluate the phone vendor in Feb 16, 2010 when contract expires.

8. Feb 16, 2010 enrolled in a 3 year phone contract with Qwest to have only one phone with a distinguishing ring for the fax line which is used 6 times per month.

Result: Over \$30 per month saving

9. Discovered installation of 2nd cable line in clubhouse that had not been used since 2005.

Result: HOA saving \$43 per month

10. Treasurer providing copies of all printed material at \$.09 vs. \$.15 cents per page

Result: HOA saving of almost 50% on copying fees

11. Committee preparing and drafting 2010 budget proposal for membership vote at Annual Budget meeting

Result: Those in attendance voted to accept the 2010 budget as proposed by the Board

12. Close monitoring of all real estate sales and rental agreements with timely collection and depositing into correct HOA accounts.

Result: Caught two errors which would have resulted in loss of transfer fees on two sales and loss of rental application fee on one unit

GATE/STAFF RELATED ITEMS

Franceen Mebane, Liaison/Susan Back Consultant

1. Upon taking office, investigated & took action to resolve the entire gate staff turmoil that had erupted in recent weeks and upset the majority of owners

2. Formation of Security and Gatehouse Committee

Result: Improved lines of communication between all staff with Board appointed liaison & scheduled staff meetings and period reviews

3. Updated and revised all aspects of employee compensation including holiday pay, vacation pay etc.

Result: Gave clarification to staff and HOA on compensation packages to full and part time employees

4. Compiling all data to create personnel files for the first time in HOA history

5. Drafting of Gate house night shift Check list

6. Gathering bids for interior painting of gatehouse

Result...Interior painted and refurbished

8. Investigated and ordered summer uniforms for gate staff

Result: Less expensive apparel and takes the HOA out of the used clothing business

9. Replaced gatehouse office chair

10. Compiling New Owners Check list for use at gatehouse

11. Updated Gatehouse Indemnity Forms for owners who leave keys and garage door openers on site

12. Updated Owner Information Sheet in gatehouse contact book

13. Initiated a key sign out sheet.

14. Installed remote control entry gate opener

Result: Gate repairs in 2008 were \$ 3,162.41 and since remote installation in May 09, gate repairs are at 0

15. Installed a wireless exit bell at gate which replaces a nonfunctioning bell and constant repair bills

Result: Monthly gate repair bill 0

16. Currently investigating the omission of overtime compensation pay to all employees who have worked the third shift over several years and legal obligation to compensate with back pay to current staff

BUILDINGS AND GROUNDS

Chair: Jack Cavitt plus Donnie Tash & Milan McMannis

1 Re-activated the Buildings & Grounds Committee

Result: Many areas found to be in long standing state of deferred maintenance are being addressed

2. Board gathered new bids for asphalt work on interior roadways

3. Rejuvenated damaged poolside tables, 5 in all

Result: 5 tables repaired using surplus fountain tile and donated labor for total of under \$100.

4. Gathered new bids to bring HOA into state compliance for main pool and spa drains

Result: Coral Pools did the work which was completed July 26, 2009.

5. Repaired tennis court ballast light and timer switches

6. Installed photo cells to entry lights and other areas in order to reduce electric bill

7. Repaired the equipment gate at West pool area which was in a state of deferred maintenance

8. Investigated Pigeon Removal & Cleaning of Pigeon Dung from newly renovated bell tower. Acquired several bids to eradicate the rodents and power wash @approx. cost \$1400.

Result: Hung two faux owls to see if they would help prohibit pigeons at bell tower & Tower was then professionally power washed cost \$ 415. Savings of \$1000

9. Resurfaced the cracked cement surface under the West Pool Ramada

Result: Entire West pool now completely renovated and fully operational

10. Removal of Electric Coke Vending Machine to reduce electrical costs & approve appearance at main pool area

11. Gathered bids for gating & resurrected topic of West rec area with potential use as dog park

Result: AZ Gates & Metal Work installed the fencing & gates. Private owner donation of \$500 was accepted to assist in expense of gating to West Park. New bid for gating was Under \$1000 (FYI prior gate vendor bid was over \$6000!)

12. Volunteers Power washed awnings and exterior of gatehouse. Cost 0

13. Volunteers donated cleaning solvent, washed & removed fresh black top from decorative bricks at gate entry. Cost 0

14. Investigating the cost of (approved by prior board) installation of ramps in west rec area.

Results: Proved to be too costly and west ramp construction was tabled, but handrail was installed.

15. Conducted a thorough investigation to consider Solar type heating system for main pool

Results show not enough surfaces for panels to offset cost of installation at this time.

16. Installed cement curb easement ramp at Main pool sidewalk entrance.
17. Restored and painted deteriorating perimeter walls along the lots bordering the golf course, lots 1-19.
Cost 0
18. Restored and painted deteriorating walls at entry drive near clubhouse & clubhouse wall that was damaged from prior year's roof leak. **Cost 0**
19. Had timer installed for West pool interior lights in hours from sunset until 10:00pm. No lights working for years.
Result: Safety improved with pool lights during night hours of operation. (required by Code!)
20. Gathered multiple bids to replace failed AC in clubhouse.
Result: Relocated incorrectly placed thermostat and updated both thermostats & installed Trane AC Unit on roof of Clubhouse
21. Severely broken pendant light in clubhouse was replaced with a pair of new pendant lights
22. Replaced failing garbage disposal in clubhouse
Result: Installed 3.75 hp disposal and reconfigured and repaired leaky pipes.
23. Getting termite inspections and bids for warranty program on common area structures.
24. Replaced failed West pool pump
25. Repaired non-latching pool gates as required by code
26. Installed preventative measure to prevent pool thermostat tampering
Result: Owner tampering continues at Main pool despite this effort and heating costs will be greatly increased
27. Owners donated new driveway gate Holiday wreaths to HOA. **Cost 0**
28. Arranged free annual termite inspection of clubhouse prior to paying renewal.
Result: Last on property August, 08, for treatment of termites in clubhouse. Active termites found again in clubhouse & treated on Dec. 30, 2009.
29. Board & Committee gathering bids for immediate repair of severe crack in overhead beam in clubhouse.
Result: Contractor selected and repairs were made Jan. 7, 2010.
30. Gathering bids for repair of wood rot and water damage at French doors in exercise room
Result: Repairs completed with preventative measures to stop water seepage into interior of room
31. Consulted with rodent exterminator to evaluate presence of roof rats & obtain bid to begin population management of roof rats.
32. Installed signage at pools and West recreation area
33. Owner generously repairs tennis court nets
Result: 0 cost

34. Repaired Adobe block insert along McCormick Parkway that were in long state of deferred maintenance

35. Repainted rusting Iron Inserts along McCormick Parkway and tennis court wall

LANDSCAPE TOPICS

Co-Chairs: Mike Gore, Steve Ashby plus Carol Luery, Natalie Tinnan, Mel Snyder

It is the mission of this Landscape Committee (new members installed in May, 2009) to respond promptly and courteously to requests for landscaping services, including addition and removal of plant material, in a manner as to uphold the spirit of the CC & Rs and the Rules and Regulations. The Committee is also responsible for supervision of the large tree maintenance contract for the community, landscape maintenance of all common areas, and often acts as liaison between homeowners and Dan Kelly as Dan and his onsite crew perform the daily maintenance of the community landscape. We try to execute the responsibilities in a way that gives as much creative freedom to homeowners as possible, while trying to maintain the broad "look and feel" that prompted residents to choose Colonia Encantada when looking for a home.

The Colonia budget became a major issue for the Landscape Committee as well this year. As the Board battled to keep the community in excellent financial health, the Landscape Committee was able to negotiate with Tree Doctors North to eliminate much of our "optional" trimming budget for 2009. All required work was completed, and at year-end, the Board was able to approve final "emergency" trimming that addressed unsafe trees and some unsightly trees on the Parkway. We approach 2010 with the same sense of caution, always looking to maintain the trees and common areas with an eye to safety and aesthetics.

With the mission in mind, a brief summary of 2009 activities:

1. Reviewed and responded to 32 service requests, involving more than 35% of Colonia Units. This included new landscaping, plant removal and addition, Committee requests for homeowner compliance, and trimming and maintenance issues;
2. Subsequent to Board approval, supervised the installation of new (small) plants to eventually camouflage the large power boxes;
3. Evaluated the use of artificial grass for areas that seem to struggle, particularly in the summer. Approved the installation of artificial grass in two units and hope to use these installations as a potential test for other homeowners and common areas. We will also be evaluating more review of summer watering schedules, subject to ongoing budget considerations;
4. Supervised the major elements of the 2009 tree maintenance contract: Queen and Fan Palm trimming (June 23-29), fertilization, Olive tree spraying and trimming, and all additional maintenance trimming as approved by the Board;
5. Interviewed several companies in gathering bids for the 2010 tree maintenance contract. While two bidders were very close, of the two we chose Tree Doctors North because of their willingness to bid and execute the contract in parts rather than all-or none. In 2009 this proved to be very advantageous when we found our revenue stream to be uncertain and unpredictable. With TDN we were able to eliminate non-critical trimming. The bid for 2010, at roughly \$20,000, is nearly a 27% reduction from the 2009 budget number.

The Landscape Committee goal for 2010 is to continue to process homeowner requests in a timely fashion, allowing creativity, developing a theme of fairness and consistency, and maintaining the overall beauty of the community. We are in the process of summarizing our initial walk-through for 2010 and will make recommendations to the Board, understanding that budget issues still exist. We will meet with Dan Kelly, as we do every year, to see if there are issues of concern for him with which our Committee might be of assistance.

We appreciate the support of the Board, and thank all members of the Committee (Natalie Tinnan, Carol Luery, Melba Snyder, (and Franceen Mebane before she joined the Board)) for all the time they have spent reviewing requests and vetting potential bidders for the 2010 contract. They have all done a cheerfully fantastic job.

Respectfully,

Mike Gore and Steve Ashby
Landscape Co-Chairmen
February 28, 2010

ARCHITECTURAL TOPICS

Chair: Ron Cox plus Ruby Gore, Kathy Ashby, Jim Starkel, Jim Wells

In 2009, the Architectural Committee received a total of 25 requests, almost three times the number received in 2008. Of the 25 requests, 23 (92%) were approved.

Looking at the 23 approved requests, roughly 14 or (61%) were considered to be improvements to the property, while 9 (30%) were considered maintenance requests.

Requests ranged from replacing garage doors, light fixtures, and walkways to major upgrades in window quality and balcony replacements.

The Committee believes that the requests received demonstrate our homeowners desire to at minimum maintain the integrity of the community and where needed, upgrade the comfort and appearance of their villas.

CLUBHOUSE EVENTS

Carol Rudin

CLUBHOUSE RESERVATIONS (2009)

- Average two reservations per month
- Monthly HOA Board meetings
- Annual Meeting
- Multiple reservations by two resident groups
- Four individual reservations
- Two reservations cancelled due to clubhouse structural problems
- Key sign out sheet implemented
- Currently reviewing clubhouse reservation form and user check list