

COLONIA VERDE BOARD MINUTES  
December 20, 2006

Attending:

Board members: Joey Curtis, Brenda Beckman, John Carlson, Jerry Eccles, Dee Ruelas, Gloria Williams

Insurance (Ray Raimondi) Ray submitted a report with recommendations for the level of insurance coverage on the clubhouse and pool facilities. He consulted with two separate MAI appraisers for their opinion. He also conducted an independent estimate based on his own research on home prices in the area. All three estimates were within a very close range. Replacement costs suggested by the appraisers were \$83.00 for "Average" construction and \$113. for "Good" construction. Since Ray felt that our facilities fell into the definition of 'Good', he supports the higher end of the range. One of the appraisers recommended that we round the \$113 up to \$115, which should bring us to an acceptable insurance level, not only for this year but also for next year. Ray also said that he had verified the square footage of the clubhouse and bathhouses to be covered. Dee was concerned that we do not have a quote for the insurance yet and we need to pass the 2007 budget today in order to have it available for member review at the annual meeting. The agent has been very slow to respond to our past requests for annual premium amounts. It was suggested that we submit the budget with the quote we have in hand at the moment.

MOTION: John Carlson moved that Ray should pursue getting the insurance coverage changed to \$115 per square foot, seconded by Jerry Eccles and passed by the Board.

Treasurer's report (Dee Ruelas) – Dee presented year-to-date financial statements along with a proposed 2007 budget. For 2006 we are operating at a profit, rather than the loss predicted in the 2006 budget. However, this was due mostly to the fact that we continued to put off major projects. It does not mean that we do not need to establish a capital improvements budget. The 2007 budget also shows a projected loss, but we can cover that with current reserves, if necessary. Dee asked for comments on the proposed budget. Gloria asked about adding a professional reserve study, but the consensus was that this might better be covered as an initial expense in the Long Range Plan. Dee clarified that the 2007 budget under discussion does not include items that would be covered by a \$20 assessment increase that will be voted on in February. For example, repair of current brick edging is covered in the annual budget, but extending new brick edging is not. The 2007 paving budget shows a jump because one entire cul-de-sac is scheduled for paving. The jump in paving was actually a pay back, because money had to be pulled from paving to cover the pool deck repairs this year. MOTION by Carlson to approve the 2007 Operating budget, seconded by Williams, motion passed.

Minutes (Gloria Williams) – November meeting minutes were approved. MOTION: Carlson, second Ruelas.

Manager (J. Jaster) – JJ presented a summary of work accomplished since the last Board meeting. He has been busy with electrical problems, both with TEP and individual homeowners. He has also been dealing with some stubborn graffiti, which will require additional work and possibly some expensive graffiti repelling paint. He reported that the City of Tucson removed the "Private Property, No Solicitation" signs which were posted on city sign-posts. He will have to pursue where the city will allow us to re-post the signs.

President (Joey Curtis) – Joey presented a draft of the ballot for the three issues being voted on at the annual meeting. A few minor suggestions were made and the draft was given to Goldi to edit to fit on one page. The wording of the ballot item for an increased assessment for long range improvements generated some discussion on the limited flexibility the Board would have using funds set aside in a separate reserve. Some felt that the terminology used can be confusing and may cause a problem when people vote on the new assessment. While it may be true that we will have reduced flexibility in the future, our attorney has advised us strongly at past meetings to continue on our current course of establishing a capital reserve and budgeting for it, separate from the annual operating budget. It will be more important for future Boards to budget correctly for operating expenses and capital improvements. They have to put a line for contingencies in the annual budget, to cover unforeseen events. If emergency repairs to infrastructure are significant, we would have a defensible case for using the reserve fund, anyway. Budget flexibility problems can be addressed as they arise.

The Association received a request from a homeowner for reimbursement for tuning the piano in the Clubhouse. The Board had voted last month that piano tuning should be a user responsibility, not an Association responsibility, since the piano was used so rarely and keeping it in tune all the time would be difficult in this climate. However, it is the Association's piano, and people will expect us to maintain our property. Joey suggested that we turn over the discussion on piano maintenance to the Women's Club for them to decide if they want to include it in their budget. On the specific issue of the refund, it was moved (Eccles) and seconded (Williams) to not refund the cost of tuning in this case. The motion passed with a majority of those present.

Legislative (Brenda Beckman). Brenda wanted to thank everyone who had submitted input for the draft CCRs after the special meeting on November 20<sup>th</sup>. Many of the suggestions were thoughtful and constructive. Based on the input, Brenda feels that we can make some significant improvements to our draft CCRs. Unfortunately, due to the attorney's professional and Brenda's personal time limits, the changes will probably require postponing finalization. However, Brenda did find that we have the ability to present the issue of the CCRs at a special meeting. If they are not ready for the 2007 annual meeting, we will not have to wait an entire year to present them to the homeowners for a vote. She will try to get a new draft to the Board in January, but she does not feel that we are in a position to put it up for a vote as it is currently. Joey asked if we should also take the assessment increase off the ballot until the CCRs are ready. Brenda said that the feeling she got from homeowner input is that they generally recognize the need for a capital reserve. Dee added that the increase is being handled as required by the current CCRs, so there is no need to postpone a vote on that issue. There was some discussion on the distinction between capital improvements and major repairs. Some items (such as major re-paving projects) which should perhaps be included in a capital budget in the future are now being addressed in the annual budget. Since we are currently operating under our old CCRs, and that is historically how paving has been handled, we continued to put it in the annual operating budget. In the future, we will probably transition to an annual operating budget and a capital budget that more closely resemble what is described in our draft CCRs and what our attorney encourages us to adopt. A member of our Finance Committee who is a CPA also stressed that we needed to separate the operating funds from the capital reserve. It was suggested that the \$20 proposed increase be billed as a separate line on the monthly statement. Dee said that is possible in our accounting software. We decided to use the phrase 'Long Range Capital Improvements' to describe the proposed \$20.00 increase in assessments, and possibly have an additional paragraph to explain it in more detail.

Vice-President (John Carlson) – John reported that the city had started sweeping our streets, but their equipment broke down before the work was complete. He has been trying to contact them to find out when it will be finished, but has not been able to get in touch with a real live person yet.

Landscaping (Bob Ferguson) –. Bob gave everyone a draft of the contract he would like to give to our next landscaping contractor. The draft is basically the same as our current contract, but it provides for the contractor to notify JJ when an area has been completed. This gives JJ the chance to go through the area and approve the work before the contractor moves on to the next area, and to keep track of whether the contractor is on schedule. The contract calls for 3 men full time, with the ability to add a 4<sup>th</sup> when required, with JJ's approval. Our current contract has 2 men full time in the winter, with an increase to 4 in the summer. Some suggestions were made to clarify that the contractor will only be required to make minor repairs (not all required repairs) to the irrigation system. Also clarified that the Association will pay for the cost of new plant material when replacing dead or dying plants. John felt that the requirement to trim trees and shrubs 6" from walkways and 6'2" in height at walkways should be spelled out in the contract. John also felt that the section on irrigation needed some additional clarification as to who is responsible for hand watering and operating irrigation systems. It was also suggested that we change the trash pick up day in the draft contract from Monday to Tuesday, to keep things the same as they are now. MOTION (Carlson): to approve the draft landscape contract, with the understanding that corrections discussed at this meeting are made. Seconded by Ruelas and approved by the Board.

Bob also reported that, while reviewing our water and sewer bills after a contractor-caused water loss, he learned that sewer rates are based on water usage during the winter months. It pays for us to watch for any water leaks to avoid our sewer rate being pushed artificially higher than it should be. It was asked whether we could request a rate adjustment if we knew there was an accidental water leak. Attendants were not sure, but thought it possible.

Architectural (Jerry Eccles) – Architectural Committee actions this month included paint color approvals, holiday decoration requests and clean up of landscape mess. Jerry also contacted Comcast regarding a cable they forgot to bury. The Architectural committee is also trying to contact the owner of a vehicle with expired plates and a boat & trailer on common property. Full report is on file in the office.

Old Business – None.

New Business - None.

Submitted By

Gloria Williams  
Secretary