



Dear Residents,

August 1, 2006

As we get close to completing the first six months of managing the operations of our community, we want to share with you some of our accomplishment as well as some of the negative feedback we have received. Fortunately, we are proud to say that our accomplishments and words of encouragement that have been received far outweigh the criticism.

We have had several meetings with the community and we really appreciate the presence of those who have attended. We understand that most residents have not been able to attend for valid reasons and we are no different when it comes to personal and professional obligations. Most of our Board members need to travel occasionally which has prevented us from organizing the meetings more frequently. We have been balancing this situation by making ourselves available to the residents on our personal time and have been approached numerous times either personally, through e-mail, or by phone, to help solve problems, inquire about a situation, propose an idea, complain about a service, etc. In all cases, we have provided direct responses to these residents and helped them, within our capabilities, with the issues. The next Board meeting will be held on Thursday, August 3<sup>rd</sup> and we are intending to keep the Board meetings on schedule even if it is with a limited number of Board members. And to ensure that most people are aware of the community issues, we will be sending newsletters more frequently. Due to the time frame involved, this one may be a little bit long but please, take your time to read it, preferably before the next meeting. We are addressing issues brought to our attention, our accomplishments, and projects that will be presented for your consideration.

One of the issues in question is why are we still using the same providers that we believe were providing inefficient, overpriced services. We explained in the Board meetings that we were forced in some cases to keep some vendors due to the way the contracts were written by the previous Board (like the landscaping contract made for three years without an early termination clause or Janitorial services for one year also with no termination clause). However, we have re-negotiated the prices for some services obtaining significant savings for our community as will be explained further down in the accomplishment section of this newsletter.

In other cases where we didn't have a contract but the vendors were being used regularly by the previous Board, we just terminated their services because we believed that 1) their services were inefficient, 2) the products

delivered were of poor quality although they were paid like the best, and 3) we were not satisfied with the services performed. In some cases we refused payment to some of these vendors for considering that their services were greatly overpriced and inefficient. However, we had to eventually pay when they brought letters signed by some members of the previous Board certifying that the services were rendered appropriately and that was the price they had committed to the vendor. With that certification on their side, we decided to pay to avoid legal problems. In another case we are holding \$6,000.00 from a vendor contracted by the past Board and have requested him to come and explain to us what exactly they did for that amount. The vendor has neither responded nor shown up any more in the community. If he does, we will proceed accordingly as we did with the others that we refused to pay initially.

Another issue in question is community violations. There are some houses in bad shape regarding driveway, lawn and garden. Courtesy Property Management handles this process and they have been sending the violations letters. The process will continue as intended – fines and lawyer’s involvement if necessary. The only violation we have not pursued is house painting because of the suggested project to get new colors for the community. You already received the letter requesting your feedback for that project and based on your responses, we’ll determine the next step. Obviously, we will not send a violation and request residents to paint the house and two weeks later, tell them that new colors are available. In addition, painting is the responsibility of each owner and they can use whomever they want to do the job. Some providers have approached us to offer their services but we will only post their names and prices and is up to you to use that resource or not, in addition to be a good reference when negotiating prices with your preferred provider. We also obtained a quote from a major painting company and are waiting to see the results of your responses. If the project is approved, then additional bids will be requested.

In order for you to better judge our performance, we need to describe the financial and operational conditions that we inherited from the previous Board on February 2006. Some of these issues have been mentioned in past Board meetings but have to be included here since most of the residents were not present. Accordingly, here are some of the problems we had to deal with:

- As soon as we took control we noted immediately situations with financial significance that we were not aware of and had to be resolved. Specifically, the financial statements presented at the time of the elections by the previous Board did not reflect the existing financial conditions at the time of the meeting. The meeting was in February and the statements were as of 12/31/05 and therefore, did not reflect the entire financial commitment of \$88,622.00 to Luis Garcia Landscaping and additional money to others for work performed related to the storms. Although the work had been performed and the financial obligation contracted in 2005, they were not included in the end of year financial statements because Luis Garcia Landscaping invoices were presented with date January 9, 2006. If that information had been included in the end of year statement, it would have showed a huge deficit in the financial statements.
- The dollar amount committed to pay to certain vendors for storm-caused damage repairs was much more than the amount of \$72,314.08 indicated in the special assessment and it was clear that, even after collecting the special assessment money, it was not going to be easy to meet the commitments. In addition to Mr. Garcia’s \$88,622.00, they had contracted other obligations as follows: E&M \$9,000.00 for fence repairs, Tropical Sprinklers \$6,450.00, and Extreme \$6,500.00 for work that we still are not sure what it was. This is the provider that we are still waiting for him to show up and explain his work.
- The **Accounts Receivable** as of February 3, 2006 was **\$62,851.60**. Currently, as of July 31, 2006, it is **\$18,186.55** of which \$13,241.97 is concentrated in 10 residences.

- ❑ Critical services had not been paid *like the gas for the Jacuzzi, which was disconnected for several months for that reason*. Other services that had not been paid were as follows:
  - Golf cart was 7 months behind.
  - Security Guard services were 9 weeks behind.
  - Alarm monitoring service was 3 months behind.
- ❑ The security cameras that were purchased for approximately \$5,000.00 were not working. When we contacted the supplier for replacement we were told that they were bought without warranty. .
- ❑ A program to control the barcode access at the main gate had been purchased for \$4,646.20 and no one was trained in the community to support the system and only the vendor could add and delete barcodes in the system. This approach created a dependency from the vendor that has resulted in additional maintenance expenses.
- ❑ There was a program installed to control the guests' access by the guards at the main entrance, which is different from the standard program used by Security Company. We are still investigating this case and have requested records from the management company since the security company are not clear when the program was purchased or why, when they have their own that is free because is part of their service. The point is that only the vendor and one supervisor at the security company know how to maintain the system (adding/deleting records) and the supervisor is no longer with the company, creating a dependency on the vendor, who will charge for updating records.
- ❑ There was no inventory control over the bar codes to document and support the related transactions and allow financial reconciliation.
- ❑ The petty cash according to the books was for \$619.29 but only \$40.00 was found at the office and no enough receipts or reconciliation to justify the difference.

We are very proud to say that we accepted the challenge and, have been able to successfully correct many of the problems without additional costs to our community as well as improve most of the services provided through the Property Management Company. There were many complaints about CPM and this is an area that still has a lot of room for improvement. Sometimes a resident approaches us asking why their requests have not been processed. That is when we find out that the Management Company has not been doing their job. During the last couple of months we have been researching the market trying to find the best affordable management company but the feedback received from other communities has not been positive. Still, we are working hard on solving this problem.

The following list includes some of our accomplishments. We really appreciate all the residents that have approached us and offered to be of assistance in our committees. Others have come to suggest projects and inform their priorities. We listen to everyone and would like to please everyone. Obviously, decisions have to be made with the majority of the residents in mind and not all the decisions will please all the residents. Most people understand the process but others take it personally when their requests are not satisfied, at least in the way they consider it appropriate. I encourage you all to keep on working with us, for the benefit of the community. Our doors are always open, the books are available and we welcome constructive criticisms, oriented to improve our community. Thanks again for your support.

- ❑ We have been able to control the expenses and none of the improvements listed here have required requesting new funds through special assessments. Our major commitment has been to keep expenses under control and we are really happy to say that we have been successful. Vendors providing what we considered overpriced

and poor services have been identified and eliminated and those still providing services to the community have agreed to renegotiate prices for new reasonable, competitive market prices versus what we consider overprices that were being paid before.

- ❑ A contract with Luis Garcia Landscaping was negotiated to clean up the community, including trees and palm trimming. The new contract payment was scheduled for next year and is interest free to allow us do some financial adjustments, We are very pleased to say that all the money owed to Mr. Garcia will be paid before year-end and still we'll close the year financially solid.
- ❑ We paid all overdue services immediately and all service providers are being paid timely, which has improved the relationships and made them more responsive to our needs.
- ❑ New state of the art vigilance and control equipment have been bought to replace the useless equipment that had been installed by the previous Board. None of the improvements made have required special assessments fees but have been obtained through savings by eliminating or re-negotiating overpriced services that were being used when we took control of the Board.
- ❑ Replaced and added cameras at the pool area and the guardhouse. The new cameras are equipped with wide-angle lenses that provide more coverage of the areas under surveillance. They also have infrared lights to allow perfect night recording. Using two of the old cameras, we were able to expand the coverage of the surveillance and improve the guard view of the activity at the pool, park and entrance. In addition, we ensure that they come with warranties. In recent storm lightning damaged one of them and was replaced at no cost to the community.
- ❑ Obtained new recording equipment for the guard post that allows clearer and easily accessible pictures of all the autos entering/leaving the community and with better and greater storage capacity. This is critical in case of accidents or criminal activity.
- ❑ Improved landscaping inside and around the neighborhood perimeter. New palm trees, ficus, and lawn have been planted with life guarantee and below-the-market prices. A couple of Royal palms need to be replaced and we are discussing the alternatives since this is a costly project and we want to get the best option.
- ❑ We have learned to fix minor mechanical problems like the entrance and exit gates, which have reduced considerably the maintenance fees that were paid for those services.
- ❑ Lawyers are not being invited to the meetings since we never considered that action a necessity and this represents a savings of \$250.00 / hour in every meeting they could be present.
- ❑ Operating hours for the back gate have been extended during the summer until 8:00 pm while still keeping it close from 3:00pm to 5:00 pm. Resident have approached us with ideas about the use of that gate and we are evaluating different options to be presented to the community for consideration.
- ❑ We have stopped the use of the accelerated payment (force a homeowner to pay 12 month of maintenance in advance). Although we still have the option to enforce this resource with some repetitive delinquent accounts, it will not be done automatically. The cases have to be referred to us for analysis and ultimate determination.
- ❑ Almost 100% efficiency when installing bar codes on resident's cars. The ones we have not been able to install have been because the automobile has not been at the house when visited or CPM has not submitted the request timely.
- ❑ We are in conversations with the security guards company to use their guest access control program instead of the inefficient one currently installed.

**Please come to our Board Meeting this Thursday, August 3, 2006, and share your comments, concerns, and ideas with us. We are really happy to serve you and the more we work together as a team with each one of you, the better.**

Have a great week and see you all at the Board Meeting. Thank you.

Board of Directors

Doral Landings East