

**COSTA DEL MAR**  
San Carlos, Sonora, Mexico  
**Homeowners Association**  
**Meeting Minutes**  
**Saturday, October 25, 2008**  
**Location: CDM Clubhouse**

**Board Officers in attendance:**

Ken Unrein – Chairman  
Angel Moreno – Vice President  
Dave Merrill – Treasurer  
Ariel Obregon – Director of Governmental  
And Legal Affairs  
Maggie Candland – Board Secretary

**Board Liaison:** Juanito Wisner, Homeowner

***Sign In***

Sign-in began at 9:00 a.m.

***Called To Order***

The meeting was called to order at 9:40 a.m. There was a first call quorum of 55.1%. Throughout the meeting, all business conducted was translated into Spanish by Juanito Wisner.

***Announcements***

- Ken asked that the attendees adhere to the agenda which had been distributed.
- Only Lot Owners or a designated representative may speak at the meeting. Special name tags were provided for each person representing their Lot.
- Ken thanked Diane and Tony Cimetta for bringing the hamburger meat and buns for the BBQ on Friday night.
- Ken thanked Victor Gracia for donating the shower for the pool. The Association offered to pay him but he refused to take the money.
- Thank you to Frank Westerbeke for donating the picnic table.
- In order to keep the meeting running smoothly, people were asked to raise their hand, be acknowledged and then stand in front of the assembly to make their comments.

***Review of Minutes from April, 2008, Meeting***

Copies of the minutes in English and Spanish were distributed and attendees were given some time to read them. Pam Grissom asked if the Association has an updated list of people who are not current on their dues and what the Association is doing about collecting dues. Ken noted that Adriana has been contacting Owners by phone and email and that seems to be working quite well. The most recent list of Owners 60-days past due will be attached to these minutes. An attorney present representing Lot 91 said his client did not get a notice advising him that Association had received the full amount for construction of the gatehouse. Scott Elliott explained that Owners have been making voluntary payments and any shortage of funds was going to be loaned interest free by Scott Elliott and Frank Westerbeke to make up the difference. Right now there is enough money to pay for the gatehouse construction and it is on budget and on time.

**Motion:** *Upon a motion made by Diane Cimetta to accept the minutes as written, seconded by Arturo Bours, the motion was approved by the majority of Owners present with two opposed.*

### ***Treasurer's Report***

A report showing 2008 year-to-date expenses compared to budget was distributed for Owners to review. Dave said that expenses for 2008 are on track and on budget. For Administration, which includes administrative salaries, taxes, vacation, accounting services, bank charges, notary and legal services and office supplies, expenses are \$157,367 pesos year-to-date and the annual budget is \$209,700 pesos. Both Maintenance and Security are currently under budget. Dave said he is anticipating some large expenses in the near future for retention ditches (approx. \$100,000 pesos) and street lighting (\$76,000 pesos). It was noted that each light post will receive new conduit and wiring. The light posts will be taken to Guaymas for refurbishing and painting.

The Association currently has \$434,000 pesos in the bank. Dave added that \$180,000 pesos are owed to the Association in Lot Owner dues. In answer to a question from a lot representative, Dave said that the Association has seven accounts in total – 4 investment accounts, 1 master account and 2 other accounts for dues and gatehouse/clubhouse improvements. A brief conversation followed on the current procedure for collecting dues whereby Adriana calls and emails reminders to delinquent Owners. Ariel Obregon noted that once the bylaws have been stamped and registered in Guaymas, it will be possible to put a lien on a home, if necessary, when dues are not paid. It was also suggested that the Association negotiate with delinquent Owners and arrange a monthly payment schedule.

**Motion:** *A motion was made by Diane Cimetta to approve the Treasurer's Report, seconded by Shari Kelly, and approved by the majority of Owners present.*

In response to a lot representative's question, Dave mentioned the balances in each of the Association's accounts. It was suggested by Bill Harrison that this information be included on future financial/budget reports.

**Motion:** *A motion was made by Ariel Obregon to include the bank account balances in future financial/budget reports, seconded by Diane Cimetta, and approved by the majority of Owners present.*

### ***Project Commission Report***

Scott Elliott reported that the Project Commission monitors new construction and helps people follow the rules during construction. He noted that vacant lots cannot be used for construction debris and the Project Commission will be requiring a deposit before anyone starts construction. A lot representative asked why the Board is not applying the rules to everyone since people in the past have been breaking them. Scott noted that new construction was very lightly managed in the past and the goal is to get people to adhere to the rules going forward. An attorney representative said that if a fee or deposit is going to be required for future construction and this is not already in the bylaws that it will have to be put to a vote to be approved. Ken noted that the deposit will be placed in an investment account earning interest and will be returned so long as the building contractors and Lot Owner do everything they are supposed to do. Examples of what the deposit will be used for include, but are not limited to, cleaning up lots where dumping has taken place, correcting any damages to adjacent properties and ensuring that the building contractor(s) follows the house design and construction as approved by the Project Commission. An attorney representative noted that the law in Mexico is that if you do damage to the next door neighbor then you are liable and he considers the deposit unnecessary as the law is on our side to collect damages. Ariel added that if we expect the law to help us, then we can set up a certain amount for the deposit and have construction stopped, if necessary, and it will not be restarted until the damages have been paid in full.

**Resolution:** *Scott Elliott introduced a resolution whereby the Project Commission enacts a regulation whereby an \$80,000 peso deposit in the form of cash or a bond be given by a Lot Owner/Builder/Contractor to the Project Commission prior to the start of any new construction. Said deposit will be to cover any damages including, but not limited to, those mentioned in the above paragraph and it will be deposited in an interest bearing account managed by the Costa Del Mar Homeowners Association. Furthermore, in the event the deposit is depleted, then construction will cease until the deposit amount is returned to \$80,000 pesos. Once*

*construction is complete the deposit balance will be refunded to the Lot Owner/Builder/Contractor.*

This Resolution was approved by the majority of Owners present at the meeting with five attendees voting against it.

### ***Redevelopment Committee Report***

Scott reported on the status of the gatehouse. He noted that he had received four bids for the construction of the new gatehouse and that he is happy with the work and the progress of the contractor who was selected. The budget for the gatehouse is \$50,000 U.S. Scott added that the gatehouse is being built in conjunction with the installation of the roads. He then referred to the letter being distributed at the gate this morning from Bill Harrison. Scott noted that the contractor mentioned in the letter was the fourth bidder and did not submit the bid in the requested format so that a comparison could easily be made. Furthermore, that particular contractor also missed too many meetings. Scott was thanked by the Owners for all of his efforts in overseeing the gatehouse project.

### ***Discussion and Approval of 2009 Budget***

Dave then reviewed the 2009 Budget in the total amount of \$1,525,000 pesos. He noted that the amounts in the shaded areas on lines 18 (Maintenance – \$194,350 pesos), 23 (Guard Service – \$258,336 pesos) and 28 (CyberCo Security – \$15,180 pesos) represent the monthly amount for 2008 times 12. The amount of \$50,470 pesos for Garbage Services for 2009 is a net increase of 47% due to the addition of a second large garbage bin.

Line 15 to cover FM3 fines and costs (\$12,000 pesos) for the Board Members and Project Commission Members was discussed. It was noted that costs and fines have been incurred following a complaint to Immigration by a former Administrator for Costa Del Mar. While the law is not usually enforced for volunteer American Board Members to have an FM3 with an AC stamp, it became necessary to obtain this documentation following the complaint. Ken Unrein, Board Chair, already has an FM3 and is obtaining an AC stamp. Dave Merrill, Treasurer, is in the process of obtaining an FM3 with the AC stamp, and Maggie Candland, Board Secretary, already has an FM3. In addition, Scott Elliott, Projects Commission was fined for not having an FM3 due to the complaint and his FM3 and AC stamp is also in process. It was noted that the \$12,000 pesos covers the fines and costs incurred in order for the Board Members and Project Commission to supervise the correct administration of the Association.

Frank Westerbeke and Pam Grissom thanked the Board Members and Project Commission for their work for the community.

**Motion:** *A motion was made by Shari Kelly for the Association to pay the fines and costs incurred by the Board Members and Project Commission due to a complaint, seconded by Pam Grissom, and the majority approved with seven attendees opposed.*

**Motion:** *A motion was made by Victor Gracia, seconded by Tony Cimetta, to approve the Budget for 2009 in the total amount of \$1,525,000 pesos, and the majority approved with four attendees opposed.*

### ***Status of Drainage Issue***

Ken reviewed the drainage issue and noted that the retention trenches installed at the end of the development, closest to Playa Blanca, have so far taken care of the excess water. Ken was asked about the drainage at the west end of the development and he said that trenches or a retention pond could be constructed there too, if necessary.

### ***Road Improvements – Update***

Ken gave an update on the road improvements and noted that all the old pavers have been removed. Pallets of new pavers have been placed along the side of the roads where repaving has already begun. Moneywise we have a \$4.8 million peso assessment and we have paid out \$2,701,000 pesos so far for the new pavers and have

paid for removing the old adoquin. Arturo Bours mentioned Gail Palmer and asked on his behalf about making sure he has access to his home during the construction of the new roads. Ken said the roads can be driven on once they have been laid and compacted and that he would make sure that any handicapped person would have access to their home. Ken then mentioned the black and orange cables running throughout the development. The orange cable is new conduit for the street lights and the black belongs to the cable company for telephone, internet and cable services. Ken reported that he negotiated with the cable company so that the Association is not being charged for the installation of their services in the development and that Lot Owners would pay for the services they wish to use.

### ***Clubhouse Rules***

The Lot Owners reviewed the Clubhouse Rules that were approved by the Board. A variety of comments were heard, among them – why is the clubhouse restricted from use by renters if they are renting long-term; taking away music is the flavor of Mexico so we want to live here and enjoy it; why would people have to park outside the gate; and, that there should be no limit on the number of people who can attend a function. Some Owners felt the rules were too unfriendly. Ken asked Owners to email him with their suggested changes.

### ***Pool Rules***

The Pool Rules were reviewed by the Owners. Again, Ken asked that Owners email him with any suggested changes.

### ***Protocol for Article 42***

A lot representative asked why the Association is charging 10 pesos per page for copies. The cost covers the cost of the paper and the Administrator's time to make the copies.

### ***Old Business***

A discussion followed on establishing a date to begin the gate and clubhouse assessment.

**Motion:** *A motion was made by Arturo Bours to begin the gate and clubhouse assessment in four equal installments either on January 1, 2009, or April 1, 2009, if the roads are not completed by January 1, seconded by Erika Hanson, and the majority approved with five attendees opposed.*

### ***New Business***

- Pam Matthews (Lot 1) mentioned that two driveways have been installed in the sewer pump area which is located next to her house – one driveway for the pump and one for possible common ground parking. Ken assured her that the area is not going to be used for parking at the present time and it may be put to a vote at the April, 2009, meeting.
- Pam Matthews (Lot 1) mentioned the shade structure on the neighbor's house and her attempts to get the structure taken down. Pam was asked to make a request in writing to Scott Elliott for follow-up.

### ***Adjournment***

Mr. Wisner was thanked for translating. The meeting adjourned at 1:00 p.m.

**Next Homeowners Association Meeting will be held on Saturday, April 25, 2009, at 9:30 a.m. at the Clubhouse.**

Respectfully submitted,

*Maggie Candland*

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Maggie Candland, Board Secretary

**60 DAY LIST – 3RD QUARTER DUES –  
BALANCE AS OF OCTOBER 23, 2008**

		BALANCE	PENALTY	TOTAL
12		2,910.65	145.53	3,056.18
15		8,658.26	432.91	9,091.17
16		8,250.65	412.53	8,663.18
20		1,569.72	78.49	1,648.21
31		14,610.77	730.54	15,341.31
41		16,908.90	845.45	17,754.35
48		2,745.57	137.28	2,882.85
63		2,008.85	100.44	2,109.29
65		1,719.64	85.98	1,805.62
69		15,397.01	769.85	16,166.86
86		5,099.99	255.00	5,354.99
89		2,001.09	100.05	2,101.14
93		3,054.72	152.74	3,207.46
95		3,342.25	167.11	3,509.36
97		4,293.27	214.66	4,507.93
99		2,045.38	102.27	2,147.65
108		55,009.79	2,750.49	57,760.28
109		7,400.78	370.04	7,770.82
132		15,098.00	754.90	15,852.90
				<b>180,731.55</b>

**60 DAY LIST – FIRST ROAD ASSESSMENT –  
BALANCE AS OF SEPTEMBER 12, 2008**

		BALANCE	PENALTY	TOTAL
15		14,350.42	717.52	15,067.94
16		13,674.90	683.75	14,358.65
31		27,422.48	1371.12	28,793.60
41		28,025.34	1401.27	29,426.61
48		12,322.39	616.12	12,938.51
64		16,618.61	830.93	17,449.54
66		14,705.72	735.29	15,441.01
68		14,705.72	735.29	15,441.01
69		21,772.55	1088.63	22,861.18
70		14,705.78	735.29	15,441.07
108		27,005.07	1350.25	28,355.32
109		16,988.16	849.41	17,837.57
125		9,116.92	455.85	9,572.77
				<b>242,984.76</b>

**60-DAY LIST SECOND ROAD ASSESSMENT AS  
OF NOVEMBER 13, 2008**

(Note: A few Lot Owners owing penalties only may not be included on this list.)

LOT	%		NAME	BALANCE	PENALTY	TOTAL
12	0.5378	8,319.77		8,527.75	426.39	8,954.14
14	0.5121	7,922.19		3,961.09	198.05	4,159.15
15	0.5077	7,854.12		8,050.47	402.52	8,452.99
16	0.4838	7,484.39		7,671.49	383.57	8,055.06
20	0.4722	7,304.93		7,487.56	374.38	7,861.94
28	0.5806	8,981.88		9,206.43	460.32	9,666.75
31	0.7096	10,977.51		11,251.96	562.60	11,814.56
41	0.9915	15,338.51		15,721.96	786.10	16,508.06
48	0.7698	11,908.81		12,206.52	610.33	12,816.85

53	0.7001	10,830.55		11,101.30	555.07	11,656.37
64	0.7638	11,815.99		12,111.38	605.57	12,716.95
65	0.5173	8,147.48		1,661.31	83.07	1,744.38
66	0.7143	11,050.22		11,326.48	566.32	11,892.80
67	0.5630	8,867.25		4,354.81	217.74	4,572.55
68	0.7143	11,050.22		11,326.48	566.32	11,892.80
69	0.5634	8,715.80		8,933.69	446.68	9,380.37
70	0.7143	11,050.22		11,326.48	566.32	11,892.80
77	0.8563	13,486.73		2,463.65		2,463.65
78	0.8184	12,889.80		2,009.56		2,009.56
79	0.8473	13,344.98		2,390.18		2,390.18
82	0.8870	13,721.89		14,064.95	703.25	14,768.20
86	0.7369	11,399.84		11,684.84	584.24	12,269.08
89	0.6279	9,713.61		9,956.46	497.82	10,454.28
93	0.5664	8,762.21		8,981.26	449.06	9,430.32
95	0.5744	8,885.97		9,108.11	455.41	9,563.52
97	0.6300	9,746.10		9,989.75	499.49	10,489.24
99	0.6322	9,780.13		10,024.64	501.23	10,525.87
107	0.6934	10,921.05		5,363.45	268.17	5,631.62
108	0.6988	10,810.44		11,080.70	554.04	11,634.74
109	0.7062	10,924.91		11,198.04	559.90	11,757.94
117	1.1571	18,224.33		17,900.34	895.02	18,795.36
118	1.1611	18,287.33		17,962.22	898.11	18,860.33
125	1.0224	15,816.53		16,211.93	810.60	17,022.53
126	1.1127	17,213.47		17,643.80	882.19	18,525.99
132	1.2226	18,913.62		19,386.46	969.32	20,355.78

**376,173.26**