

COSTA DEL MAR
San Carlos, Sonora, Mexico
Homeowners Association
Meeting Minutes
Saturday, September 26, 2009
Location: CDM Clubhouse

Board Officers in attendance:

Scott Elliott – President
Juanito Wisner – Vice President
Dave Merrill – Treasurer
Maggie Candland – Board Secretary

Absent:

Ariel Obregon – Director of Governmental And Legal Affairs

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 not a quorum at the meeting as attendance represented 33.5% of the Owners. All business at the meeting was conducted in English and Spanish with the assistance of Juanito Wisner.

Hurricane Jimena Aftermath Status

Scott noted that this meeting is solely focused on the hurricane, what happened a month ago and where we are going. Owners were invited to the Board meeting last night as the Board would like to make things transparent. He advised the Owners that CDM has a tremendous website where financial information is posted and is updated weekly.

A drainage plan was requested from Playa Blanca before it was built, however, the developer did whatever he wanted to without any regard for CDM. Playa Blanca not only blocked our two streets but their main entrance road is essentially a dyke and is higher than our property. When 28 – 35 inches of rain fell on September 3, water within CDM started to rise. Under normal circumstances half of the rain water run-off would have drained into the lagoon towards the Paradiso and the other half would have drained to the sea over the sand dunes where Playa Blanca is currently built. At first, the water that should have drained over the sand dunes started pouring into the front gate of CDM. The water rose two feet instantly, then there were two explosions and all three beach houses (Lots 131, 132 and 133) collapsed into the hole caused by the raging water. In fact, the water was running so fast through the development that it stopped the waves when it reached the ocean. It was a very long two weeks after this event. Cleaning crews have been busy and Dave was incredible keeping Owners informed by email. There was damage to the electrical equipment controlling the sewage pumps. (At this point in the meeting, explosions occurred again in the sink hole near Lots 131, 132 and 133 so a few people left to check out the situation.)

Legal

Our hydrologists are going to determine how much water CDM was built to sustain. One of the Owners asked if Playa Blanca's developer has contacted CDM. Scott advised that he has met with a lawyer from Obregon and based on that meeting, Scott will be meeting with Playa Blanca next week. We do have a report from an hydrologist that was written prior to Playa Blanca breaking ground. Playa Blanca never showed CDM their actual drainage plan and we have pressed the City of Guaymas on why the development was issued a permit to block our streets. Scott added that a permit process for a building that size would normally take 3-6 months and apparently Playa Blanca received the permit in 24 hours. According to Mexican law, a project the size of Playa Blanca is required to conduct an environmental study and we have made numerous attempts to obtain the

document as it is supposed to be public record, however, on line it says “not available”. Adriana and the people we have hired to do research have made trips to Hermosillo and were not given access to any environmental study.

An Owner mentioned that the Spanish Federal Consumer Protection Agency, PROFECO, is in charge of environmental studies. Scott said that our hydrologists are working with them. It was recommended that CDM hold a meeting with the City Council and invite PROFECO as well as Playa Blanca. Scott added that the government in Guaymas is now changing over as PAN is now in charge. He also said that even though we are not experts in how to proceed, we are getting good advice from our lawyers and hydrologists. Scott is confident that CDM has hired the right people to get started. No official legal action will be taken without a complete review at the October, 2009, or April, 2010, meetings or the approval of the community.

It was noted that as meetings take place with Playa Blanca, Paradiso, Caballero Group, City of Guaymas and PROFECO, summaries of the meetings will be placed on the CDM website so Owners know which direction we are going in.

Infrastructure Damage and Priorities

The most obvious and extensive damages occurred to the three beach houses (Lots 131, 132 and 133) as they are a total loss. We are waiting for responses from various individuals regarding the removal of the debris and how we are going to get equipment down there. The damage to the road in front of these homes is also extensive. It was noted that if the old pavers had been in place, it could have been a catastrophe and it is impressive how well the new roads did actually hold up. The next most expensive repair will be the perimeter walls. They were never designed to hold back three feet of water. Security is an issue as the entire West side of our development is open. CDM will be meeting with the Paradiso Resort with a view to paying 50-50 for a new fence. The majority of damage to the utilities were caused at the street where it caved in – sewage, electric, telephone and water lines. Mold is all over and the area underneath cabinets can turn into a toxic mold disaster. It was suggested that Owners check under their baseboards. Individual homeowners are responsible for their homes.

Priorities are utilities and security.

- CDM is working right now to straighten out the sewage lines. There is some more work to do on the electrical system. We will make sure that water pipes are available to each lot.
- We currently have two guards on duty at all times. The intention is to keep two guards on the property until the fence and walls are replaced. It was noted that the guards have been working above and beyond their job duties and have been very proactive in checking people coming and going from CDM.

Scott plans to present a much more accurate picture of the challenges we face at the October meeting. He added that we need to think of ourselves first as a tight community. Delaying the implementation of a solution to solve the drainage problem before the next rainy season would be irresponsible. We are committed to act as quickly as we can once we have the proper information to make decisions and once the information has been made public.

Finances

The emergency assessment the Board passed will raise about \$305,000 pesos (or about \$25,000 U.S. Dollars), however, the extent of the damage caused will not be covered by this amount and a special Hurricane Restoration Fund will be needed. We will be receiving four bids to replace the perimeter wall as it was but Scott does not believe this is the best way to go.

The Owners present joined Scott to say a special thank you to Dave Merrill who has spent countless hours updating everyone on the status at CDM. Also thanks to Adriana for all her efforts. It was noted that the community worked together well after the storm.

An estimation of what this is going to cost should be available by the October meeting and we will make every attempt to divide it into a handful of simple categories.

Dave noted that CDM's current financial status is on the table for anyone to look at. He added that the plan is to close those accounts that have no activity. Currently there are \$128,000 pesos in the dues account, \$284,725 pesos in the gate/clubhouse account and two accounts for monthly bills total \$38,000 pesos. Two new sump pumps which had been installed prior to the flood were not damaged and Dave noted that there is a \$51,368.20 peso final payment due for these pumps.

Comments, Questions and Answers

- Pam Grissom suggested looking into having insurance for CDM community areas and added that we should look into building a dyke as she doesn't believe anything will be done by Playa Blanca. After the hurricane in 2003, only the houses on the front were damaged and we cannot go into the next rainy season without protection. A date should be set when we have to do something to protect ourselves if nothing happens with Playa Blanca or the City of Guaymas. Mr. Ocampo offered to look into insurance for the common areas and said that options will be brought to the October meeting.

Scott added that until about 4 years ago, the original developer controlled more than 50% of the votes at CDM so we have been playing catch up for four years. Has it been perfect – absolutely not. Will it be perfect in the future – absolutely not. The Board will continue to disappoint a segment of this community and rehashing things that can not be changed is not productive. We are trying to correct 20 years of neglect and we need some volunteers.

- A question followed on the Restoration Fund and an Owner wanted to know if we have a deal with the company who built the roads to repair the places in the road that have been washed out. The Owner was advised that we have no relationship with the road company. Scott added that the size and weight of any equipment using the roads will be monitored.
- Another Owner asked if people who are not able to be present at the October meeting would still be able to vote. Scott noted that in an effort to be as transparent as possible and allowing all Owners to participate, the first Resolution at the October meeting will be crafted to allow Owners up to two weeks to vote after the minutes have been posted.
- Another Owner said he appreciates Scott's efforts in handling the current crisis and mitigating with the neighbors.
- A question was asked about who has check signing authority. Adriana can sign checks and Dave only has authority to transfer money from one account to another. Ken, as a Past President, remains as an Advisor to the Board and is a back-up and can sign checks or transfer money, if needed. Copies of contracts and checks written can be looked at in the office.
- Another Owner asked for a detailed explanation of the finances. Dave said there is detailed financial information on the website.
- An Owner added that the bottom line here is money and we have all spent thousands on our houses and are still spending more and asked if Scott sees any reward down the road. Scott said that CDM needs to operate as independently as possible and not rely on the outside world and he felt that nothing would happen in a lawsuit except to get drainage relief.

Adjournment

The meeting adjourned at 11:40 a.m. Mr. Wisner was thanked for translating. Scott then left to speak with a few Owners separately regarding their issues.

Next Homeowners Association Meeting: Saturday, October 24, 2009, at 9:30 a.m., Clubhouse.

Respectfully submitted,

Maggie Candland

Maggie Candland, Board Secretary