

COSTA DEL MAR
San Carlos, Sonora, Mexico
Homeowners Association
Meeting Minutes
Saturday, May 1, 2010
Location: CDM Clubhouse

Board Officers in attendance:

Scott Elliott – President
Dave Merrill – Treasurer
Maggie Candland – Board Secretary
Ariel Obregon – Director of Governmental
And Legal Affairs

Absent:

Juanito Wisner – Vice President

Administrator: Myriam De la Torre R.

Sign In

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

Called To Order

The meeting was called to order at 9:35 a.m. Scott welcomed Myriam De la Torre R., CDM's new Administrator, to the meeting. He noted that Myriam comes to us with incredible recommendations and experience. All business at the meeting was conducted in English and Spanish.

Scott said that there has been a procedural change with the introduction of being able to vote on the internet so we are not going to call a quorum so everyone is participating in the meeting. If a resolution is proposed and we don't have a quorum at the end of the internet voting period then that particular resolution will not pass. He said that anything that is passed in this community is truly passed by a quorum. We do have financial challenges as a number of Owners are not current with their dues and assessments. He said that the Election Committee will not count any vote from a homeowner or lot owner who is more than 90 days in arrears.

Announcements

- Scott thanked Tony and Diane for organizing the BBQ last night.
- The following new Owners were welcomed: Carl and Karen Stepp – Lot 67; William Popoff – Lot 52; Ian and Elizabeth Vowles – Lot 54; and Sofia Gil and Francisco Navarro – Lot 88.
- Ken was thanked for joining the Project Commission.
- Ken and Bruce are members of the Election Committee as well as Diane Cimetta. Minutes will be sent out to everyone and under a separate email Owners will receive a ballot to complete and return by using "reply all" to include the Administrator.
- There are 74 Owners that are not eligible to vote. If you would like to vote, see Myriam or Dave to pay your 1st Quarter dues and assessments. Please pay the 2nd Quarter, if possible.
- The voting process is described on the web, but briefly:
 - a. All nominations, motions, resolutions will be documented in the minutes.
 - b. After the minutes are published and a ballot is mailed to you, you then have 15 days (50%+ to pass) and/or 30 days (75% to pass) to vote depending on the issue.
 - c. The Election Committee tallies the votes and gives the results to the CDM Board Secretary who then publishes the minutes with the final results.
- Scott thanked the Owners who have been keeping their lots clean. To improve the beauty of CDM, we are going to start requiring all of the lots to be cleaned. A 30-day notice will be given, and if not cleaned, then CDM will clean the lot and charge the Owner up to 500 pesos.

- CDM Owners' CyberCo entry badges will be disabled for non-payment of dues – read CDM Board's passed motion. As of today, Scott reported that the Association is owed \$180,000 dollars for dues and assessments. Those Owners who are more than 90 days in arrears will have their Cyberco cards invalidated as it is unfair for the people who have paid. The burden should fall on everyone, not a few.

Review of Minutes from October 24, 2009, Meeting

The minutes are posted on the CDM website. Diane Cimetta requested hard copies at the meeting. It was noted that in the October 24, 2009, minutes it states the Hurricane assessment is due on January 1 and March 1, 2010, and it should have read January 1 and April 1, 2010. The previous minutes will be revised.

Motion #10050101: *A motion was made by Ken Unrein to approve the minutes as amended, seconded by Dave Merrill, and approved unanimously by the Owners present.*

Actual voting results: Yes: _____ No: _____

Approval of the minutes will be on the ballot and available for any discussion, if necessary.

Victor said that the members of the Board are not our employees and are not being paid by us. He asked the Owners to be thankful to the members of the Board for the job they are doing, especially since the damage from Hurricane Jimena.

Owners and Renters

Scott reported that at the Board meeting yesterday we discussed Owners who rent their homes. If Owners are behind in dues and/or assessments, Owners may continue to rent their house but half of the rent must come back to CDM to help catch up on dues owed. The majority of Owners who rent are current so there are only a few Owners in this situation. Myriam will have a list of rentals and will be in charge of contacting all rental agencies in town about not renting the house unless we have an agreement that half the rental will be paid to CDM in advance. An Owner asked if it is legal to deny access to CDM to an Owner who is delinquent. Since CDM bylaws were published with the Sonora Government, it is legal to deny Owners access to the roads if they are delinquent. Noreen asked if Owners are delinquent just on dues or assessments too. Dave explained that any payments received from an Owner will be credited against their oldest debt whether it is dues or assessments. Scott mentioned that short of another hurricane or disaster, there is no anticipation of an assessment in the coming years.

Norene asked a question about the guards managing the gate and Scott said Myriam is going to be working with the guards to tighten up entry at the gate. CDM is in the process of ordering a new computer panel through Cyberco.

Nominations/Election of New Board of Directors

Scott said all current Board Members have elected to stay for another year. If you wish to nominate and vote on someone else for a position, please do so after the minutes are published.

Motion #10050102: *Scott made a motion to re-elect the Board as it stands for one year, Bruce seconded, and it was unanimously approved by the Owners present.*

Actual voting results: Yes: _____ No: _____

Treasurer's Report (2009 Expenses, 2010 Expenses)

A report showing expenses for 2009 and 2010 Budget/expenses was distributed. This information is also on the CDM website. Shaded areas are expenses for 2009 associated with Hurricane Jimena (HJ) which

amount to approximately 250,000 pesos. The HJ budget for 2010 is 210,000 pesos although 139,000 pesos have already been spent (see note below under HJ Reconstruction – Status Report). Some cells on the spreadsheet have comments with specifics on what the expenditures are for. It was noted that the previous Administrator, Adriana Hernandez stole money from the Association. Scott noted that CDM has a very reputable accountant in town who ultimately was responsible for checking all of our books and was mortified when she did not catch the theft. The only recourse was to move forward. An Owner asked if CDM is pursuing Adriana to get the money returned that she stole and Scott advised that he was told it would not be worth it and instead she signed an agreement that she would not be entitled to severance pay. Some steps have been instituted to make sure this does not happen again. For example, the office will not accept cash. There are four methods given on the website on how to make payments. Myriam will also have the payment methods available in the office.

As of May 1, one checking account balance has 92,000 pesos and the other one has a balance of 11,000 pesos. The investment account is at 1,000,000 pesos and CDM has another account with a balance of 416,000 pesos.

Motion #10050103: *A motion was made by Scott Elliott to approve the Treasurer's Report (2009 expenses and 2010 expenses to date), seconded by Bruce Candland, and approved unanimously by the Owners present.*

Actual voting results: Yes: _____ No: _____

Redevelopment Committee Report

No report.

Project Commission Report

No report.

Hurricane Jimena Reconstruction – Status Report

Scott reported that he has had many meetings with the City of Guaymas which have proved to be an ongoing frustrating situation. Letters have been written requesting action. In addition, Scott has had a few meetings with the developer of Playa Blanca. To date we have purchased a brand new fence on the west and unblocked the entrance to the lagoon. People have been sent to Hermosillo and, up to now, no one can find the original permits for Costa Del Mar which would have established what our drainage patterns were at the time of the construction of CDM. The swimming pool has been replastered and repaired and the old fence from the tennis courts has been used to replace the block walls that were knocked down on the north side of CDM.

With regard to Lot 132, which had a derelict house on it prior to Hurricane Jimena, this became the weak point during the flood. A lot of effort was made to contact the owner as leaving the house as it was would have been a danger and disaster for the whole community. If there is another hurricane/flood then it would compromise that end of the community at the very least as our actual streets are not much higher than high tide. To leave it open would encourage water to damage all the utilities again. The Board determined that what was left of the derelict house would be removed and a sea wall built in front of this lot. Reference Exhibit B, Article 6. The total cost is \$29,000 U.S. dollars. The Board was not happy about spending the money but it is in the best interests of the community. A contract for payment of the repairs has been signed by the Owner with CDM. He will pay CDM \$1,672 U.S. dollars per month for 18 months. If the owner is 90 days behind in payments, then a lien will be put on his property. In addition, interest at 5% is being charged for late payments. Furthermore, part of the contract states that the Owner will pay his back dues (approximately \$8,000 U.S. Dollars) during the next 18 months.

Motion #10050104: *A motion was made to give the Board a vote of confidence that this decision was made in the Association's best interests, seconded by Bruce Candland, and all attending were in favor except one Owner.*

Actual voting results: Yes: _____ No: _____

Scott added that the City of Guaymas is looking at plugging up the culvert near the entrance road to CDM. He noted that we are always going to have water problems at CDM as it is the lowest development on this bay. If other developers come into the area, they will build further back from the beach and higher.

Moving forward, Scott said CDM is working with a lawyer and an engineer locally as well as Tony Cimetta, an Owner who has an engineering company in Tucson. Bob Strong asked if we have asked the Paradiso Resort about installing corrugated pipe under their road. Scott said that the road has recently been regraded and he is still researching that.

New Business

- Myriam read Jack Harris's memorandum in English and Spanish:
"My name is Jack Harris and I am an owner of lot #129. I have recently been reviewing the bylaws and have found some inconsistencies in various areas of the bylaws. It is my understanding that the bylaws were revised in 2006 in an attempt to clarify some areas.

I found an area that states after 25 years the bylaws could be amended or changed by a majority vote. The 25 years are up on May 10, 2010. If nothing is done by that date, it is my understanding that the bylaws will automatically renew for another 10 years. I am asking for an extension of the automatic renewal until after the October meeting so that the Board can further investigate this statement and seek legal advice as to the correctness of the bylaws, the revised bylaws and to once and for all clarify the bylaws so that present and future owners will have a clear understanding of the rules and regulations of Costa Del Mar. We really need to be sure that we are proceeding in the proper direction for the preservation of Costa Del Mar as a legal and viable community." (Mr. Harris is referring to Exhibit C, Article 43.)

Scott said as he understands it, the original bylaws were written but not filed in 1985. When the bylaws were filed in 2006 it was as a condominium project. He is going to ask for an independent person to look at the bylaws. Currently the bylaws are recorded and we all abide by them. There were some questions about who was going to do the review, how much it will cost and how will we pay for it. Scott said there will be no special assessment as it will not be a large expense – maybe \$200 dollars or less. Ariel suggested that we ask Humberto Valdez for a legal opinion as he has helped CDM in the past with filing and publishing the bylaws at a minimal cost.

Motion #10050105: *Scott made a motion to contact Humberto Valdez for a legal opinion on the bylaws, seconded by Bruce Candland, and unanimously approved by the Owners at the meeting.*

Actual voting results: Yes: _____ No: _____

- Mr. Ocampo read his resolution in English and Spanish regarding "Safeguarding our Money":
"It is hereby ordered that a full independent financial audit is done within the next 30 days of all our accounts for the period starting January, 2006, through December, 2009, and a full report is given to all homeowners no later than 30 days after it becomes available.

It is also ordered subsequently and from here forward, a full yearly audit be done on our Association finances and a full report provided to homeowners no later than March of each year following."

Discussion followed by the homeowners regarding who is going to do the audit and an estimate of the costs. Owner, Bruce Candland, who is a Certified Public Accountant, noted that audits of Homeowners Associations, and for that matter all companies, are not designed to detect errors, fraud, theft and the like. The primary purpose of audits is to determine if the statements are correctly stated (presented) and in accordance with generally accepted accounting principles. Audits may discover weaknesses in internal controls, covering such things as the segregation of duties, documentation reviews and approval of transactions, including adherence to government rules and regulations.

Scott noted that CDM already has an independent accountant, Lupita, and he believes the annual reports for all of the years in question should be filed in the office and be available to anyone. It was then suggested that the resolution be changed to make a request of the Board to contact an independent accountant and obtain an estimate of what a 4-year audit would cost as well as the cost for a 1-year audit going forward and the Board will present it at the next meeting. Scott said he will make sure the annual report from the current accountant will be available at the next meeting. Once the Board has this information, we can vote on it at the October meeting.

Motion #10050106: *A revised motion was made and seconded that the Board contact an independent accountant and obtain an estimate of what a 4-year audit would cost as well as the cost for a 1-year audit going forward. This was approved by some of the Owners at the meeting and others disagreed.*

Actual voting results: Yes: _____ No: _____

- An insurance agent was introduced as his company provides home insurance at a cost of about \$500-600 U.S. dollars per year. His contact information will be available in the office.

Adjournment

The meeting adjourned at 12:40 p.m.

Next Homeowners Association Meeting: Saturday, October 23, 2010, at 9:30 a.m., Clubhouse.

Respectfully submitted,

Maggie Candland

Maggie Candland, Board Secretary

60 Day List			
Assessments (Dues) and			
Special Assessments			
Balance as of May 1, 2010			
Lot	Balance	Penalty	Total
LOT 003 0.5350% - CAMOU	2,328.18	116.41	2,444.59
LOT 007 0.4800% - HOLLAND	4,283.88	214.19	4,498.07
LOT 011 0.5251% - SANTILLAN	8,991.76	449.59	9,441.35
LOT 013 0.5105% - VELEZ	6,796.76	339.84	7,136.60
LOT 014 0.5121% - VASQUEZ	15,980.79	799.04	16,779.83
LOT 015 0.5077% - RUBIN	61,746.63	3,087.33	64,833.96
LOT 016 0.4838% - RUBIN	58,839.67	2,941.98	61,781.65
LOT 017 0.4838% - SALAZAR	17,893.13	894.66	18,787.79
LOT 018 0.4955% - SALAZAR	8,728.23	436.41	9,164.64
LOT 019 0.4801% - MAGUREGUI	8,628.68	431.43	9,060.11
LOT 020 0.4722% - LINDHOLM	8,704.01	435.2	9,139.21
LOT 021 0.4709% - HILLESTAD	5,171.29	258.56	5,429.85
LOT 028 0.5806% - LOWE SR.	46,345.24	2,317.26	48,662.50
LOT 031 0.7096% - KERZNER	89,362.43	4,468.12	93,830.55
LOT 032 0.7203% - QUIROGA	12,688.93	634.45	13,323.38
LOT 041 0.9915% - RUBIN	120,541.77	6,027.09	126,568.86
LOT 042 0.7926% - MARTINEZ	22,959.72	1,147.99	24,107.71
LOT 043 0.7061% - FONG-KEE	17,372.41	868.62	18,241.03
LOT 044 0.7340% - CAZARES	6,837.67	341.88	7,179.55
LOT 045 0.7350% - MARTINEZ	20,643.35	1,032.17	21,675.52
LOT 046 0.7276% - MARTINEZ	20,956.55	1,047.83	22,004.38
LOT 047 0.6823% - AUGUSTINE	22,795.59	1,139.78	23,935.37
LOT 048 0.7698% - CARTER	41,560.44	2,078.02	43,638.46
LOT 051 0.5841% - ROMO	10,087.32	504.37	10,591.69
LOT 053 0.7001% - WALFORD	55,757.09	2,787.85	58,544.94
LOT 058 0.5965% - S.MILLER	10,507.35	525.37	11,032.72
LOT 061 0.7643% - LEONARD	6,653.23	332.66	6,985.89
LOT 063 0.6043% - CORONADO	34,292.81	1,714.64	36,007.45
LOT 064 0.7638% - ARIAS	26,102.79	1,305.14	27,407.93
LOT 065 0.5173% - CORONADO	31,369.68	1,568.48	32,938.16
LOT 066 0.7143% - ARIAS	24,121.47	1,206.07	25,327.54
LOT 067 0.5630% - STEPP	7,352.26	367.61	7,719.87
LOT 068 0.7143% - ARIAS	24,296.07	1,214.80	25,510.87
LOT 069 0.5634% - GONZALES	81,266.45	4,063.32	85,329.77
LOT 070 0.7143% - ARIAS	23,714.31	1,185.72	24,900.03
LOT 071 0.6021% - GASCON	10,606.00	530.3	11,136.30
LOT 073 0.6386% - REYES	11,247.92	562.4	11,810.32
LOT 077 0.8563% - BABBITT	9,279.55	463.98	9,743.53
LOT 082 0.8870% - TARRIBA	29,466.69	1,473.33	30,940.02
LOT 086 0.7369% - CHACON	30,716.43	1,535.82	32,252.25
LOT 087 0.9138% - HARRISON	23,652.59	1,182.63	24,835.22
LOT 089 0.6279% - CHARLESWORLTH	18,169.34	908.47	19,077.81

LOT 090 0.6724% - TERI	31,639.32	1,581.97	33,221.29
LOT 091 0.5538% - VELEZ	7,537.59	376.88	7,914.47
LOT 093 0.5664% - PULIDO	14,381.34	719.07	15,100.41
LOT 095 0.5744% - PULIDO	15,339.38	766.97	16,106.35
LOT 096 0.6762% - OCAMPO	10,870.73	543.54	11,414.27
LOT 097 0.6300% - PULIDO	18,339.66	916.98	19,256.64
LOT 099 0.6322% - RUBIN	46,812.33	2,340.62	49,152.95
LOT 105 0.5806% - MILLER	21,164.50	1,058.23	22,222.73
LOT 106 0.6880% - CAMOU	13,084.97	960.75	14,045.72
LOT 107 0.6934% - HUERTA	19,918.78	995.94	20,914.72
LOT 108 0.6988% - GALINDO	63,176.69	3,158.83	66,335.52
LOT 109 0.7062% - MORENO	35,946.92	1,797.35	37,744.27
LOT 110 0.7096% - MORENO	23,162.27	1,158.11	24,320.38
LOT 111 0.7870% - HERMAN	41,628.01	2,081.40	43,709.41
LOT 115 1.0355% - HARRISON	26,802.91	1,340.15	28,143.06
LOT 116 1.0745% - CALDERONI	23,371.47	1,332.44	24,703.91
LOT 117 1.1571% - OBREGON	20,381.48	1,019.07	21,400.55
LOT 118 1.1611% - OBREGON	20,453.14	1,022.66	21,475.80
LOT 125 1.0224% - FERNANDEZ	28,471.47	1,423.57	29,895.04
LOT 126 1.1127% - ROMERO	55,765.41	2,788.27	58,553.68
LOT 132 1.2226% - TURNER	84,363.10	4,218.16	88,581.26
Total	1,721,427.93	86,541.77	1,807,969.70