

**COSTA DEL MAR**  
San Carlos, Sonora, Mexico  
**Homeowners Association**  
**Meeting Minutes**  
**Saturday, October 23, 2010**  
**Location: CDM Clubhouse**

**Board Officers in attendance:**

Scott – President  
Dave – Treasurer  
Juanito – Vice President  
Maggie – Board Secretary

**Absent:**

Ariel – Director of  
Governmental and Legal  
Affairs

**Administrator:** Myriam .

***Sign In***

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

***Called To Order***

The first call of the meeting took place at 9:35 a.m. With no quorum present, the meeting was adjourned for ten (10) minutes. The second call reflected an official quorum – 52%. All business at the meeting was conducted in English and Spanish.

Dave introduced the Board Members: Scott , President; Juanito , Vice President; Dave , Treasurer; and Maggie , Board Secretary. Ariel , Director of Governmental and Legal Affairs who was unable to attend this meeting.

***Announcements***

1. New owners were welcomed: Lot 55 – Ron and Kelly ; Lot 57 – Tania ; Lot 80 – Gustavo and Monica ; and Lot 51 – Ricardo , who is building a new home.
2. Thanks to those who took part at the BBQ last evening.
3. Thanks to the Election committee (Bruce and Diane). Dave noted that owners' votes are kept secret and they vow not to divulge how anyone votes. Dave asked if there were other volunteers for the Election Committee? He noted that it is helpful to be familiar with Excel spreadsheets.
4. Thanks to Karleen, Ron, Carl and Joe for cleaning the road in front of the gate – it looks great!!
5. Thanks to the owners who have been keeping their lots clean. This improves the beauty of CDM and keeps the snakes, rodents and insects down.
6. The curbs have never looked better. Try to keep them clean.
7. Daniel the Banamex Bank Manager visited CDM recently and he was impressed. He used to own a lot here and said that CDM has really improved and it is a beautiful place.
8. We agree that CDM is a beautiful place which we can be proud of and have a better quality of life.
9. A special thanks to Maggie for her service to CDM by being on the CDM Board for five years. She will be retiring from the Board after this meeting. Dave asked the attendees to be thinking about a volunteer to be the CDM Secretary (see below). Also, is there anyone that we can mail U.S. checks to?
10. The center common passageway gate was broken on Thursday night and we think it may have been an ATV. If anyone knows who did this, please let us know. There is a fine of up to \$2,000 pesos for common area property destruction plus the cost of the repairs. If the police have to be called, then there is a fine of up to \$3,000 pesos. It was also noted that the common passageway gate at the other end of CDM is also broken due to a rusty hinge and that will be repaired shortly.

11. Myriam is doing a lot of traveling for CDM related to legal matters, engineers, Hurricane Jimena-related, etc. If you call the office and Myriam is not there, the phone will forward to her cell phone after the 5<sup>th</sup> ring.
12. Privacy – one of the things that we strive to do is to protect your privacy. Dave tries to remove last names from the website, but sometimes he may miss a name or two. The QDB, i.e. your account, has your last name, first initial in the file. If you would like him to remove your name from the file, then let him know and he will remove your name before he posts the QDB on the website.

Dave then turned the meeting over to Scott who reviewed the meeting procedures. He said that in an effort to be fair when resolutions come up, if an owner wishes to make a comment, stand up and introduce yourself and speak for a minute. No one can speak more than two times on any topic. Scott reiterated that his door is always open to anyone who wishes to speak to him. He added that he has lived in the community for years and his goal of running the community is to act in the best interests of everyone. He is not responding to any negative comments. He said that if an owner is not current with their dues, then please do not monopolize this meeting.

### ***Approval of Minutes of October 24, 2009, Meeting***

**Motion:** Upon a motion made by Scott , seconded by Dave , the minutes of the October 24, 2010, meeting were unanimously approved by all those present.

### ***Approval of Minutes of May 1, 2010, Meeting***

**Motion:** Upon a motion made by Scott , seconded by Dave , the minutes of the May 1, 2010, meeting were unanimously approved by all those present.

### ***Validation of Required Quorum for the Meeting***

As noted above, there was a quorum of 52%.

### ***Election of Board of Directors (6 month term)***

The following motion was made regarding the Board Secretary position:

**Motion:** Upon a motion made by Scott , seconded by Dave , the appointment of Diane as the new Secretary was unanimously approved by those present.

**Motion:** A motion was then made to elect the current Board, duly seconded, and unanimously approved by the owners present.

Scott then asked owners to write any additional motions on page two of the ballot and indicate “yes” or “no”, i.e. Board – Yes or No, and these will be tallied by the Election Committee at the end of the meeting.

### ***Treasurer’s Report (2010 Expenses, 2011 Proposed Budget)***

Dave referred to a handout entitled “CDM Accounting Policies, Process (new to 2010)” which read as follows:

- **Policy:**
  - No cash will be accepted at CDM.
  - All owners’ accounts are on the web (transparency).
  - Email is sent to the owner for every payment made to CDM – “Thank you for your payment” email.
  - Payments are made against the oldest outstanding debt (simplifies the accounting).

- Detailed review of the CDM financial records conducted the night before the HOA meeting.
- **Data Bases:**
  - MS Excel is used to simplify the accounting. Three (3) spreadsheets are used: QDB (Owner's account (CDM DB)), Banking Spreadsheet (4 tabs), and Budget/Expense.
  - CDM DB Spreadsheet – Receipt number is posted for every payment.
  - CDM DB Spreadsheet – USD to peso exchange rate is in the DB for payments made via USD check.
  - CDM DB Spreadsheet – Payments = Bank Balance.
  - Banking Spreadsheet – running balance is kept for (031) and (420) so that projected expenses are easily planned.
  - Banking Spreadsheet – Expenses are easily tracked.
- **Accountant:**
  - Original bank statement is given to Lupita.
  - CDM Receipts (pink copy) is given to Lupita. White copy is given to Lupita if it is voided. Lupita verifies to make sure all receipts are accounted for. Lupita will notify Scott and Dave if any receipts are missing.
  - Reports are given to Lupita electronically (email). This has simplified the work for Lupita and CDM.

A general discussion followed on using MS Excel instead of Quicken as the accounting system. Dave noted that Excel is well-known by accountants in Mexico and very few know Quicken. Scott added that Dave is our Treasurer and not our accountant and that he should use whatever software he feels the most comfortable with. He noted that a presentation on the finances was offered last night and no one showed up. If any owner wishes to make an appointment with our accountant in Guaymas, Myriam can help facilitate that.

**2010 Expenses** were reviewed. Dave noted that sometimes there are comments on the spreadsheet on the website and that these will appear once your cursor is place over a particular cell on the spreadsheet – the comments usually explain the exact expenses in that cell. Dave then went through various lines on the expense sheet. Line 3 – No questions on Administration. No questions on line 14 – Maintenance. No questions on Security – Line 19. No questions on line 28 - Utilities. Line 34 – Capital Expenses, minor repairs – no questions. Line 39 reflects Hurricane Jimena expenses which were not covered in the short term plan. Dave noted that he updates the expenses monthly.

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

### **Proposed Budget**

Dave then referred to the proposed budget for 2011 and said that it is approximately 1% higher than the budget for 2010 and that he is doing everything possible to minimize expenses. He noted that Line 6, Taxes, reflects \$44,000 pesos although Dave will have a more accurate 2011 budget when Lupita gives him a better projected 2011 cost for taxes. We have not paid any taxes this year for our current employee. A question then arose regarding administrative salaries. Scott asked Myriam to leave the meeting at this time. Scott reported that the past CDM Administrator was underpaid and stole from the Association and the previous one was more of a secretary than an administrator. He noted that CDM spent months to find Myriam. Ariel conducted the first interviews of about 50 people and sent the best applicants to Scott. However, none of the applicants could speak English. Following a lengthy process we were able to hire a true Administrator for CDM. Scott added that in the last few years, the number of houses in the development has almost doubled or tripled and is it essential that we have a bilingual Administrator. Myriam was initially hired on a secretarial level even though she has a degree and had run a hotel. Scott mentioned to a local real estate agency how lucky we were to have Myriam and subsequently they made

an offer to Myriam to run their rental property division. Scott noted that salary-wise CDM was not in the ballpark for someone with Myriam's background and experience. He believes she is worth every penny and he hears nothing but positive comments about her. He said some people might disagree and say the Association is paying too much; however, she has the ability to navigate government departments and has been very effective at dealing with issues on behalf of CDM. Scott added that Myriam's schedule will be published and the guards advised so people know when she will be at the office.

With regard to Line 14, Maintenance, we have increased our maintenance personnel from one to two people. Maintenance of the roads is keeping them busy as well as cleaning the beach weekly and maintaining the swimming pool. Dave added that the maintenance personnel costs have not increased in three years.

With regard to Security, Line 19, there were no questions. Eric Holland offered to help the guards with English lessons.

Dave then referred to Line 25, Insurance, and noted that the cost to cover the guardhouse, clubhouse, office and swimming pool with liability insurance is about \$400 USD a year (see motion under New Business). An owner asked about community insurance to cover all the homes in CDM and was advised that each owner would have to obtain their own insurance.

No questions were asked about Line 28, Utilities and no questions were asked about Capital Expenses, Line 34. Total Budget is \$1,822,000 pesos.

**Motion:** Upon a motion made by Scott, and seconded, the Budget for 2011 in the amount of \$1,822,000 pesos was approved by the majority of Owners present with one "no" verbal vote.

This was the second motion added to the bottom of the ballot form for a "yes" or "no" vote.

### ***Hurricane Jimena Report***

Scott then reviewed the drainage issues at Costa Del Mar. He made the following points:

- The beach is in a state of erosion. He remembered a time when the sea was about 100 yards from the homes on the front.
- Every agency he has spoken to confirms that the Playa Blanca road blocks the drainage causing water to come up to the guard gate. Rain from a recent tropical storm caused lakes 6 feet deep to form behind the north wall of the development. Scott hopes to obtain an agreement with Playa Blanca to open up their road in the near future.
- Originally the plan was to rebuild the entire north wall and now we believe that installing a significant foundation under the current wall where it is still standing and rebuilding the wall only where the wall collapsed is the best way to go structurally and the most financially feasible. It is anticipated that a determination will be made by January on this issue.
- There is not a perfect solution to drainage at CDM and we will always have a water problem. Draining into the Paradiso lagoon would be our best solution. Scott hasn't approached the Paradiso yet regarding obtaining an easement to the lagoon – CDM would have to be prepared to pay for such an easement.

With regard to the walkway next to Lot 132, an Owner commented that it looks really good and it was thought that the other walkways to the beach will have to be lowered if there is no access to the lagoon. An Owner at the SW end of the development noted that the new drainage system at his end of the road worked well recently as it allowed water to drain from CDM towards the lagoon.

Scott then spoke about Lot 132. He noted that approximately \$21,000 USD has been spent so far to clear the lot of debris and build the sea wall. The owner has already paid approximately \$10,000 back to the community and it is anticipated that Lot 132 will eventually repay \$29,000 USD. An Owner asked why the homeowners are not asked for approval to spend money on private property such as Lot 132. Scott said that the Board had to make a decision for the safety of the community and the Owner of Lot 132 is paying it back. Scott said that no money has been spent so far that doesn't protect everyone's interests.

### ***Gate and Clubhouse Improvement Plan***

Scott announced that at the April, 2011, meeting, a list of options from contractors who submit bids will be available regarding how to best improve the clubhouse. Currently there is no moisture protection on the clubhouse and it is deteriorating so we are taking the necessary action to upgrade the roof of the building. The fences were taken down from the tennis courts and incorporated in those areas where the wall fell down. The lights on the tennis courts will also be removed.

### ***Old Business***

None reported.

### ***New Business***

- ATV Rails – Technically CDM has not been involved with the ATV rails. However, an environmental agency turned CDM in to the Hacienda (the Mexican equivalent of the IRS) for having rails installed on the beach and we have been fined approximately \$1,000 USD. Myriam is looking into having our beach designated as a “clean” beach and Ariel is working on getting the fine deleted and is also pursuing the “clean” beach designation. Scott added that on occasion the Soggy Peso and Paradiso have 300 cars down on their end of the beach which poses a potential problem for CDM with safety and security.
- Ken made a motion to require the Treasurer to continue using the Quicken accounting system and require the Board to purchase a double entry accounting system to replace the current Quicken accounting system effective January 1<sup>st</sup>. The following discussion took place:

Scott reiterated that Dave is not an accountant and that we have a professional accountant who does our taxes. The Treasurer is not an accountant but a volunteer. Excel keeps it as simple as possible. Scott does not want to impose a new system on Dave. Dave is responsible for safeguarding owners' money. Dave added that under the old system, which was a double book entry system, it was so confusing that no one could understand it. What we have now is extremely simple so that anyone could follow the books, plus it lessens the workload. It was noted again that no one came to the detailed financial review last night. There will be another detailed review one hour after this meeting for anyone who wishes to attend. Ken agreed that Dave is doing an excellent job and he can continue what he is doing on the spreadsheets. Ken suggested that Myriam goes to a double entry accounting system so the next person replacing Dave has an existing accounting system. Diane asked if Excel is easy for the masses and whether or not Lupita, our Mexican accountant, uses Quicken. Lupita does not use Quicken and most people know how to use Excel. Dave felt it is a waste of time having the Administrator learn a new system. Scott added that people on the Board are comfortable with what Dave is doing. Mary Lou said she understands and appreciates all that Dave does. Ken said he would withdraw his motion if Dave continued to use Quicken until April, 2011, when all Owners can vote on it. Dave said he will keep the data in Quicken until April. Ken withdrew his original motion.

- It was announced that Voting Guidelines Resolution #101003 is being withdrawn and will be rewritten and submitted in April.
- Carl suggested locking the guard gate at night at a certain time so the guard has to open it to let anyone into CDM. All thought this was a good idea which will be put in place shortly.

- Dave reported that Mapfre Insurance will cover the clubhouse, guardhouse, office and swimming pool with liability insurance for approximately \$395.00 USD and made the following motion:

**Motion:** Dave made a motion, which was duly seconded and unanimously approved by all those present, to obtain liability insurance for the clubhouse, guardhouse, office and swimming pool from Mapfre Insurance Company at a cost of approximately \$395.00 USD.

Dave noted that CDM is unable to obtain insurance on the walls or streets.

- **The next HOA meeting date was changed to Saturday, April 16, 2011, at 9:30 a.m.** at the clubhouse. (This change was made due to Easter falling on the 4<sup>th</sup> Saturday of April.)

### ***Voting Results***

	<b>Yes</b>	<b>No</b>
<b><i>Resolution #101001 – Roberts Rules of Order</i></b>	<b>32%</b>	<b>68%</b>
<b><i>Resolution #101002 – Special Assessment Monies shall not be intermingled with Annual Dues monies. Special Assessment monies shall be held in an interest earning investment account.</i></b>	<b>35%</b>	<b>65%</b>
<b><i>Resolution #101003 – Voting Process Guidelines – Withdrawn</i></b>		
<b><i>Motion to Elect Current Board with Diana Cimetta as Secretary</i></b>	<b>97%</b>	<b>3%</b>
<b><i>Motion to Approve the Budget for 2011</i></b>	<b>97%</b>	<b>3%</b>

Those Owners not eligible to vote due to non-payment of assessments are listed on Attachment A.

### ***Adjournment***

The meeting adjourned at 12:00 p.m.

**Next Homeowners Association Meeting: Saturday, April 16, 2010, at 9:30 a.m., Clubhouse.**

Respectfully submitted,

*Maggie*

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Maggie , Board Secretary

**ATTACHMENT A**

**Owners Not Eligible to Vote due to Non-Payment of Assessments**

<b>Lot No.</b>	<b>Percent</b>	<b>Name</b>		<b>Lot No.</b>	<b>Percent</b>	<b>Name</b>
3	0.5350%			70	0.7143%	
7	0.4800%			71	0.6021%	
11	0.5251%			73	0.6386%	
13	0.5105%			77	0.8563%	
14	0.5121%			78	0.8184%	
15	0.5077%			79	0.8473%	
16	0.4838%			82	0.8870%	
17	0.4838%			86	0.7369%	
19	0.4801%			87	0.9138%	
20	0.4722%			88	0.8100%	
21	0.4709%			89	0.6729%	
28	0.5806%			90	0.6724%	
31	0.7096%			91	0.5538%	
41	0.9915%			93	0.5664%	
42	0.7926%			95	0.5744%	
43	0.7061%			96	0.6762%	
44	0.7340%			97	0.6300%	
45	0.7350%			99	0.6322%	
46	0.7276%			104	0.4378%	
47	0.6823%			105	0.5806%	
48	0.7698%			106	0.6880%	
60	0.5768%			107	0.6934%	
60	0.5768%			108	0.6988%	
63	0.6043%			109	0.7062%	
64	0.7638%			110	0.7096%	
65	0.5173%			111	0.7870%	
66	0.7143%			115	1.0355%	
68	0.7143%			116	1.0745%	
69	0.5634%			118	1.1611%	
				126	1.1127%	
				132	1.2226%	