

COSTA DEL MAR
San Carlos, Sonora, Mexico
Homeowners Association
Meeting Minutes
Saturday, October 19, 2013
Location: CDM Clubhouse

Board Officers in attendance:

Diane Cimetta – President

Bruce Candland – Treasurer (President of Vigilance Commission)

Dave Merrill – Secretary (acting)

Guests:

Diane Barroll – Barroll Property (CDM's HOA Management Company)

Translator: Rodolfo Velazquez

Sign In

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

Called To Order

The First Call meeting took place at 9:30 a.m. There was not a First Call quorum, the Second Call meeting took place at 9:40 a.m. The Second Call meeting had a quorum of 48.4% present by proxy or in person., therefore and by virtue of Article 29 of the Law 293 on Property under Condominium Regime, the present Meeting is held in Second Call. All business at the meeting was conducted in English and Spanish with the assistance of Rodolfo Velazquez. Barroll Property Management San Carlos made arrangements with the Real Estate Association to provide a transmitter for the translator and headsets for the Spanish speaking people.

Diane Barroll introduced all the personnel in the Barroll Property management. Barroll Property Management runs the day to day business of CDM. Diane B. introduced Tom Barroll, Sergio A, Luisa I, Veronica S. and others. Luisa manages the CDM financial business with oversight by Diane; Tom and Sergio manage the maintenance/gardeners, and security at CDM; Veronica manages the CDM email. Diane B. also introduced the staff that are also regularly on site at CDM who report items of note to Barroll Property Management: Librado, Norma, Paula, Blanca and Ana. The Barroll Property Management's office hours are:

- Monday to Friday 9:00 a.m. to 5:00 p.m.,
- Saturday, 9:00 a.m. to 4:00 p.m. and
- Sunday 11:00 a.m. to 2:00 p.m.

Barroll Property Management is available 24/7 by 226-1800.

Barroll Property Management contact phone number in the USA is 520-225-0120

Diane B. thanked the residents of CDM for the privilege of serving the community.

1. Announcements

- a. Diane welcomed all those present to the meeting.
- b. There is a new US mailing address for CDM. See the CDM website, CDM-Dues web page for the current mailing address.
- c. Maggie Candland was thanked for volunteering for the Election Committee and she will be tallying the votes today and overseeing the sign-in process.

- d. Dave presented the CDM HOA meeting minutes purpose and process:
The main purpose of the meeting minutes is a record of the elected CDM Board of Directors and a record of all approved motions resolutions.
Process:
1) Minutes are typed
2) Distributed to the presenters for their comments.
3) Translated to Spanish
4) Reviewed by CDM's lawyer
5) Placed on the web for 1 – 2 weeks for comments, then updated (if necessary).
6) Sent to the Notario, then to public registry
7) The goal is to register the HOA Meeting minutes in the public registry in a timely manner, a couple of months.
Financial: On the advice of CDM's attorney, money amounts are not documented in the meeting minutes with the exception of motions to approve the Budget (assessments), special assessments, and Appendix A, "CDM owners that owe more than \$10,000 pesos".
- e. Diane C. read the Costa del Mar Community HOA Management Report dated October 19, 2013. See Attachment B.

2. *Validation of Required Quorum for the Meeting*

As noted above the second Call meeting quorum was 48.4% present by proxy or in person of those Beneficial Users (Owners) entitled to vote, for which is virtue of Article 29 of the Law 293 on Property under Condominium Regime, the present Meeting is held in Second Call.

3. *HOA Management Report (Barroll Property Management)*

The HOA Management Report was read by Diane Cimetta. See Attachment B for the report.

4. *Treasurer's Report (2013 Expenses, 2014 Proposed Budget) presented by Bruce*

- a. The back table has the following reports for everyone's viewing:
- CDM Owner's Account
 - CDM 2013 Expenses and 2014 Proposed Budget
 - CDM Delinquent dues list
- b. As of October 1 there has been enough income to pay the years expenses and the expected expenses for the remainder of the year.
- c. Every month, Lupita (CDM's accountant) continues to do a complete audit / verification of CDM's (031) bank account (income) and (940) bank account (expenses). Facturas and receipts are verified by Lupita. There are no discrepancies and all money is accounted for.
- d. The (031) bank account is reconciled with the CDM owners account. All CDM owners have their payments recorded in their account. There are no discrepancies and all money is accounted for.
- e. Assessments as of October 1, 2013:
- 32 CDM owners have not paid their assessments for this year.
 - 34 CDM owners owe \$10,000 pesos or more
 - 24 CDM owners owe \$20,000 pesos or more
- f. The 2014 Budget total amount is for the same amount as the 2013 Budget. Although some items increased in expected expenses, Budget items 51 and 52 were decreased to keep the overall budget amount the same as 2013.
- g. The current account amounts were presented. The amounts change weekly, monthly as CDM pays expenses and dues are paid.

- h. 2013 Expense item 42060 (Taxes) is a little higher than expected. We were expecting to pay most of the taxes in 2012, but the expenses occurred this year (February 2013).
- i. CDM pays taxes on interest earned on the investment accounts.
- j. All money is used for the benefit of all CDM owners. Any money remaining at the end of the year is used in the following year.
- k. CDM's yearly Assessment continues to be one of the least expensive assessments in San Carlos. CDM yearly assessments are less than Puesta del Sol, Playa Blanca, Vista Marina, Pilar, etc. And CDM is one of the most beautiful neighborhoods in San Carlos.

Note: Dues is synonymous with assessments and special assessments.

5. *Project Commission*

The Project Commission reviews any new construction/remodeling project for CDM. Plans must be sent to Barroll Property Management and they will submit the plans to the Project Commission. Please don't try to change the bylaws. We are following the bylaws as written.

6. *Gate and Clubhouse Improvement Plan*

- The swimming pool repair was completed in June 2013.

7. *Old Business*

- None.

8. *New Business*

- a. Ms Leticia P. strongly recommended that the meeting agenda be followed and that we respect others.
- b. Diane C. presented that the CDM Board is an advisory position. All day-to-day CDM matters are handled by CDM's HOA Management team (Barroll Property Management). The cost to CDM has been minimal considering the services – calculated to be approximately \$8,800 pesos more per month than when Myriam was the CDM Administrator.
- c. Motion 131013 "*Hurricane and Tropical Storm Preparedness Plan*" was discussed. The plan is on the CDM web, CDM-Documents web page. The plan will be updated frequently as new information is available.
- d. Resolution 121002 "*Incentive for owners to Pay Assessments Early*" was determined to be invalid according to the CDM Bylaws. After further research, Resolution 121002 was declared valid. Pay your yearly assessment in January or February to receive a 5% discount on your yearly assessment.
- e. A discussion ensued on how everyone should clean their lots. Many people discussed the urgent need to have vacant lots and abandoned house lots cleaned of weeds and debris. Some of the lots pose a danger in that the lot in that it is a habitat for snakes (coral, rattler, etc), spiders (black widow, other poisons spiders, etc), scorpions, rodents, etc that could pose a danger to anyone but especially a danger to children. Everyone was encouraged to clear their lots to minimize the dangers. Approval of Motion 131014 will solve some of the problem.
- f. Many motions were presented and approved at the meeting and are listed here for ease of reference. Motions were given a number for ease of reference.
- g. Motion 131015 – Include income with the Expense report was approved.
- h. Motion 131016 – leave CDM owner's mail at Barroll Property Management located in the REMAX First Choice Realty office was approved.

- i. Motion 131017 – Major projects are to have a plan and expected costs and are to be presented at HOA meetings was approved.
- j. Motion 131018 – Two HOA meetings per year was approved. Next HOA meeting is April 26, 2014.
- k. Diane Cimetta read a letter from Ariel O. See Attachment C.
- l. Ariel O. withdrew his name as a nominee for Director of Legal and Government Affairs. Note: Everyone that has served on the CDM Board of Directors with Ariel would like to thank Ariel for his service to the community. Ariel has volunteered his time, money, and knowledge in the service of the community.
- m. Motion 131019 – CDM Board position of Legal and Government Affairs changed to Public Relations was approved.
- n. Bob S. withdrew his name as a nominee for VP.
- o. Dave M. withdrew his name as a nominee for Secretary.

9. Resolutions and Motions submitted prior to the meeting

Resolution #131001 – Amend Resolution 121001, Nomination Recommendation, Requirements for CDM Board of Directors.

- 1. All nominees must be a CDM Beneficial User (owner of a CDM lot)

Voting Results: Yes – 100% No – 0%

Motion#131010 - Approve the October 20, 2012, HOA Meeting Minutes

Voting Results: Yes – 93.3% No – 1.7%

Motion #131011 – Approve the 2014 Budget of \$1,802,000 pesos.

Voting Results: Yes – 100% No – 0%

Motion #131012 – Approve the current Privacy Practice.

Voting Results: Yes – 66.8% No – 33.2%

Motion #131013 – Approve the CDM Hurricane and Tropical Storm (TS) Preparedness Plan.

Voting Results: Yes – 92.5% No – 7.5%

Motion #131014 – Approve CDM Maintenance / Gardeners spending 1 hr per week clearing weeds and debris from vacant lots and abandoned houses

Voting Results: Yes – 62.6% No – 37.4%

10. Election of CDM Board of Directors (1-year term)

The following were nominated to the following CDM Board positions. All nominees were unopposed and by a show of hands, all were elected unanimously.

Rod Sainsbury – President

Elva Leticia Parada Ruiz – Vice President (non-voting position*)

Ken Unrein – Treasurer (President of Vigilance Commission)

Maggie Candland - Secretary
Norene Sullivan – Public Affairs (non-voting position*)

*Note – Escriture 2,857, Volumen 75 En la Ciudad y Puerto Guaymas, Sonora, a Los Veintisiete dias del mes de Octubre de mil Novecientos noventa y ocho (1998).

11. Authority

For reasons of the voting stated above and pursuant to the Articles of Incorporation (Acta Constitutiva) of the Association, the President and the Secretary will have the widest faculties/powers to obtain the corporate purpose, to direct and manage such association, to defend the interests of said association, and they will have enunciatively but not limited the following powers:

A). GENERAL POWER OF ATTORNEY FOR LAWSUITS AND COLLECTING OF MONIES:

Such power can be practiced jointly and severally, with all the general and special powers which require a special clause according to the law, therefore such power has been granted with no limitation pursuant to first paragraph of Article 2,831 of the current Civil Code for the State of Sonora, first paragraph of Article 2,554, of the Civil Code for Distrito Federal and related articles of Civil Codes of Mexican States. Enunciatively but not limited, such attorneys in fact will have the power to do the following:

- I. To file and waive all types of actions, resources, procedures, even amparo appeals and waive such appeals.
- II. Compromise.
- III. Articulate and absolve positions.
- IV. Compromise in arbiters.
- V. Power to challenge.
- VI. Power to receive payments.
- VII. Power to formalize and ratify denouncements and complaints of the criminal type and power to waive such filings; power to grant pardon according to the case and to cooperate with Ministerio Público (District Attorney).
- VIII. Power to file amparo lawsuits and power to waive such lawsuits.
- IX. Power to formulate questions and cross-examinations
- X. Authorization to practice this power before private parties and all types of authorities whether federal, state, municipal, administrative, judicial or labor authorities, Boards of Conciliation and Arbiters, etc.

B).- GENERAL POWER OF ATTORNEY FOR ALL ACTS OF ADMINISTRATION.- Power to do any action of this type, regardless of the name, therefore they will represent the association jointly and severally, before all types of persons, authority, organisms, credit institutions, decentralized corporations, etc., with all the general and special powers which require special clause pursuant to second paragraph of Article 2,831 of the current Civil Code for the State of Sonora, second paragraph of Article 2,554 of the Civil Code for Distrito Federal and related articles from Civil Codes of States of Mexico.

Additionally, they will have power for acts of administration in labor matters, according to Article XI, of the Federal Law of Labor, power before labor authorities and Social Services pursuant to Articles 523, 692 of the Federal Law of Labor; such attorneys in fact will have the widest powers according to the law to have intervention on behalf of the Association or party granting this power, with power to attend conciliation hearings according to Article 876 of the Federal Law of Labor, with power to propose conciliation settlements, power to make decisions and to subscribe agreement according to said federal law.

In case it is necessary, such representatives will have the widest power to have intervention in the stage of lawsuit and exceptions pursuant to Article 878 of the Federal Law of Labor, before Federal and Local Labor Boards of Conciliation, as well as Boards of Conciliation and Arbiters.

Additionally, said representatives will have the power to attend depositions on behalf of the association according to Article 786 of the Federal Law of Labor; power to indicate addresses to receive notifications pursuant to Article 886 of the Federal Law of Labor.

General Power to carry out acts of rescission according to articles 46 and 47 of the Federal Law of Labor.

C).- POWER TO REPLACE, the whole or part of the powers given, whether general or special powers, and power to revoke at any time such powers; as well as power to substitute and delegate to any person whether shareholder or not, the powers being conferred, reserving the right to practice such powers.

Additionally, power of attorney has been granted for representation before bank institutions, for opening, managing and cancellation of bank accounts, as well as authorization of signatures.

12. Adjournment

The meeting was adjourned.

Next Homeowners Association Meeting: Saturday, April 26, 2014, at 9:00 a.m., Clubhouse.

Respectfully submitted,

David Merrill, Acting Secretary

Diane Cimetta, President

Maria Guadalupe Valenzuela Ramírez has been appointed to sign and present these minutes of the Meeting for its formalization and registration.

ATTACHMENT A

**BENEFICIAL USERS (OWNERS) that owe more than \$10,000 pesos to CDM
as of December 31, 2013**

| Lot | Name | Amount in pesos | Last Payment |
|--------------|---------------|------------------------|---------------------|
| 1 | Matthews, | 11,169.85 | |
| 13 | Velez, | 62,238.49 | 04/08/11 |
| 17 | Salazar, | 80,520.73 | 12/27/10 |
| 18 | Salazar, | 15,800.14 | |
| 19 | Maguregui, | 23,813.56 | 12/01/11 |
| 20 | Lindholm, | 74,795.18 | |
| 45 | Martinez, | 41,651.77 | 07/08/11 |
| 46 | Martinez, | 53,378.57 | |
| 48 | Carter, | 184,307.31 | 06/09/09 |
| 63 | Coronado, | 150,831.10 | 05/26/08 |
| 64 | Arias, | 78,026.11 | |
| 65 | Coronado, | 134,032.30 | 05/26/08 |
| 66 | Arias, | 70,404.75 | |
| 68 | Arias, | 97,452.14 | |
| 69 | Gonzalez, | 236,704.53 | 08/07/06 |
| 71 | Gascon, | 22,609.49 | |
| 73 | Reyes, | 13,200.06 | |
| 86 | Chacon, | 157,600.69 | 07/10/09 |
| 91 | Velez, | 68,738.93 | 04/08/11 |
| 96 | Ocampo, | 82,807.46 | 08/16/11 |
| 97 | Pulido, | 12,844.42 | |
| 106 | Camou, | 93,458.70 | |
| 107 | Huerta, | 128,094.75 | 08/19/09 |
| 108 | Galindo, | 87,019.21 | 07/29/11 |
| 109 | Moreno, | 165,048.53 | |
| 110 | Moreno, | 62,023.47 | |
| 126 | Teran | 83,922.90 | |
| 132 | Turner, (Luz) | 484,308.37 | 04/20/11 |
| Total | | 2,776,803.51 | |

**Costa del Mar Community HOA Management Report
October 19, 2013**

Community Management: Barroll Property Management S.A. de C.V.

Diane Barroll, Tom Barroll, Sergio A., Luisa I., Veronica S.

Under the direction of the Board of Directors of Costa del Mar the HOA Management team from Barroll Property Management took over the day to day administration of Costa del Mar a year ago. Over the course of the year discipline has been enforced with respect to the finances, Mexican legal requirements and community security.

Finances: Most property owners are diligent about ensuring that their dues are paid. However, there are those that do need a reminder. To that end emails were sent to each and every property owner before the beginning of each quarter asking them to make a payment to the association. For those who needed an additional reminder secondary personal emails were sent. Should the second email reminder not garner a response personal phone calls were made to those for whom we had phone numbers.

There are several property owners who are several years in arrears in their dues. For those for whom we did not have any contact information we had the information that is recorded on their deed pulled from the Public Registry. All property owners who are in arrears by more than \$20,000 Pesos were sent an invitation by Registered Mail to pay. The purpose of the invitation by Registered Mail to pay is to fit within the defined Mexican process of how an owner must be notified. Should the community of Costa del Mar choose to seek a judgment against any owner who is in default we have taken the necessary first steps to allow for this possibility by asking for the funds that are in arrears in the proper format.

Most importantly the constancy of regular communication with the owners seeking quarterly dues by our office has yielded a significant increase in collections this year over last. As of September 30th we have collected more than \$300,000 Pesos more this year over last.

Legal: Over the years the community of Costa del Mar has fulfilled some of the requirements under Mexican law. There are several gaps in the various processes that have evolved over time. Most of this oversight is simply pragmatism and a lack of understanding what will and what will not hold up under the law. To that end we have worked with legal counsel to ensure that the community lines up with the law. Specifically, letters sent to owners in arrears for their quarterly dues have been notified by registered mail. The announcement for the Annual Meeting was sent by registered or certified mail to property owners in both English and Spanish wherever the owner lives, Mexico, United States of America, Canada and Russia.

However, there is still work to be done to bring the community of Costa del Mar up to date with the requirements under the law.

Rules and Regulations: In 2007 the community of Costa del Mar passed a resolution for rules and regulations within the community. Specific rules were outlined for community access and behavior. Notwithstanding the recognition that a certain amount of latitude is expected in a vacation

community the use and enjoyment of the community is for all. That means a certain number of rules need to be in place. The contractual agreement between Barroll Property Management and Costa del Mar does not ask for the implementation of the rules in 2013. However, knowing that the rules are "on the books" we felt that it was imperative to implement the rules in an orderly fashion.

Working with property management companies, property managers and home owners we sent the 2007 rules to everyone. As can be expected any change garnered criticism and bemusement. In some cases there was a great deal of reluctance to participate. As always consistency and discipline has provided for compliance. There are still those who flout the rules and disparage those whose job it is to ensure the wellbeing of the entire community. However, there is progress.

Two fines were levied this year in Costa del Mar. The first was a pet related incident and the second was disturbing the peace.

Construction: Five construction projects have been implemented within the last year. Oversight by the community representative was an integral part of the projects. Financial management of the obligations to the community were delivered by Barroll Property Management S.A. de C.V.

Security: Part and parcel of the rules and regulations is community security. Barroll Property Management has worked closely with the security company and the individual guards. Of course, the company has been in place for many years and many of the guards have been with the community for a very long time. It has been and continues to be a challenge for them to recognize that this is not just a one month wonder and that it will all go away again. Undoubtedly, they have seen a strengthening of resolve previously and it has always gone away. It will take regular reinforcement to ensure that this time procedures stay in place.

Hurricane Preparedness: At the onset of the hurricane season we inspected all of the areas that were potential areas of concern. Where needed drains were cleaned.

Maintenance: Barroll Property Management coordinated several maintenance projects. Three of the sewer covers were incorrectly built and created a hazard. These have been replaced.

CFE was called to replace electrical covers. Several reminders were needed to have CFE come to Costa del Mar to do the work.

Sewer lines and holding tank. Every two years sewer lines require clean out. In addition to the sewer lines the holding tank was cleaned. It was a larger job than expected as construction debris that has apparently been there from when it was built was also removed.

Entrance gate. We worked with the guards to have the entrance gate scraped, primed and painted.

Swimming pool. Although a contentious subject among the home owners there was a consensus to have the pool repaired and made operational. Working with the contractor and Costa del Mar owners Barroll Property Management oversaw the project. The pool is now operational. The project came in on time and on budget. Subsequently signage was purchased with the pool rules in both English and Spanish.

Barroll Property Management San Carlos office is located at
#5 Plaza Arrecifes, Blvd. Manlio Fabio Beltrones. To pick up mail the office is open

- Monday to Friday 9:00 a.m. to 5:00 p.m.,

- Saturday, 9:00 a.m. to 4:00 p.m. and
- Sunday 11:00 a.m. to 2:00 p.m.

CDM security personnel are the first responders in an emergency. Should the security be unable to respond, and then call the office at Barroll Property Management 226-1800.

Respectfully submitted,

Barroll Property Management S.A. de C.V.

**Letter from Ariel O. to the CDM community.
Letter was read by Diane C. at the HOA meeting**

Ciudad Obregón, October 18, 2013

Due to personal matters to take care of, today October 18th and in a few hours I have to travel to Mexico City, so I will not be able to attend this very important Assembly Meeting to be held tomorrow, so please excuse me and please publicly read my following statements and have them inserted in the Assembly minutes.

Dear colleagues of the board and residents of Costa del Mar, after a thorough analysis of my involvement with the new to be elected board tomorrow October 19, I have decided to request my name be withdrawn from the voting ballots to continue in the position of Legal and Governmental Affairs.

In the time I have held this position I have consulted on behalf of Costa del Mar and some of its residents on a voluntary basis, requiring several times for me to go to Guaymas and Hermosillo without costing Costa del Mar one single cent. In the process, I have the negotiations with SEMARNAT of the "Water Easement Rights" for Costa Del Mar considered in the Mexican Laws, this is so the waters coming from the mountains and higher terrain will flow and continue to flow towards the lagoon at Paradiso Resort also known as Club Med. Gladly I could continue pursuing this rights if of course this is authorized, otherwise whoever takes my position should follow up on it.

I also propose, that at the meeting it be analyzed and voted if the position I hold as "Legal and Governmental Affairs" should be changed to another name, this because Mr Francisco Velez and some undisclosed government agents known to him, have insistently questioned me if I am usurping or pretending to be a government agent and do not want this to happen to whoever takes my place. He also questions if by holding that name, Costa del Mar receives funds from Government or is a Governmental entity. Under such criteria please expose to those attending if the position of President should be changed to another name so whoever gets elected don't be harassed also for usurping Enrique Peña Nieto's position as Mexican President by having the same title. This is not a joke it has happened and do not want anyone to go thru this again.

I thank my fellow Board Members for their support and congratulate them for all that quiet and professional work they have done for Costa del Mar, hoping also, this new Board takes with the same energy and new responsibilities.

Thank you very much.

Ariel O.

ATTACHMENT D

HOA Meeting Notification:

The following events occurred prior to the HOA meeting.

- 1 year - The HOA Meeting Notice (with draft agenda) was placed on the CDM web.
- 15 – 30 days - The HOA Meeting Notice (with official agenda) was placed on the CDM web.
- 15 – 30 days – The HOA Meeting Notice (date & time) was placed on an A-Frame at the CDM front entrance.
- 15 – 30 days – The HOA Meeting Notice was emailed to all CDM owners to their email address on record.
- 15 – 30 days – The HOA Meeting Notice was mailed (certified/registered mail) to all CDM owners to their address on record.
- Note: The HOA Meeting Notice contains the date, time, location, and agenda.