

COSTA DEL MAR
San Carlos, Sonora, Mexico
ASSEMBLY MEETING MINUTES
Saturday, November 15, 2014
Location: CDM Clubhouse

Board Officers in attendance:

Rod Sainsbury - President
Leticia Parada - Vice President
Ken Unrein - Treasurer
Norene Sullivan - Secretary

Guests:

Translator: Rudy Velazquez
Administrators: Luisa Ibarra Lemus and Veronica Sandoval
Attorneys: Lic. Arnulfo Salas Castro and Lic. David Peralta Moreno

First Call to order: 9:15 AM

No quorum for first meeting; therefore, at the advice of Lic. Salas Castro, the meeting was adjourned for one hour.

Second call to order: 10:15

Second call for the meeting. Quorum was 77%

List of attendees and Legal Quorum Verification:

29 Members present, 2 by Proxy: Pam Matthews, Francisco Velez, Lot Gumaro Valenzuela, Dora Rodriguez, Ramiro Guzman, Lori and Gary Resnikoff, Pam Grissom, Manuel Carter, Bob Smith, Elsa Ibarra, John Wisner, Duran Chavez, Juan Carlos Gonzales, Adolfo and Rosa Garcia, Don and Marla Clark, Leticia Ocampo, Ephraim and Doreen Lennon, Wade and Judy Earl, Ariel Obregon, Victor Gracia, Tony and Diane Cimetta, and Julie Geiger

Election of President to conduct the meeting:

Rod Sainsbury was nominated by Diane Cimetta as President to conduct the meeting, seconded Gary Resinikoff.

Election of Secretary of the Assembly:

Ariel Obregon nominated Norene Sullivan as secretary for this meeting. Seconded by Diane Cimetta.

Rod Sainsbury appointed Luisa Ibarra Lemus and Veronica Sandoval as examiners for this meeting.

Introduction of our Attorney: Lic Arnulfo Salas Castro

Presidents Report: Rod Sainsbury

Rod Sainsbury stated that for the purpose of having clear and concise minutes for this meeting, we will follow the agenda and offer time at the end of the meeting for questions and discussion.

Juan Carlos Gonzales stated that he did not receive a notice of the meeting until today and it was not in Spanish it was in English. Rod Sainsbury stated that the property management company sent it in both languages on November 11th but offered a copy of the Spanish minutes to anyone who needed one and asked if they would like for him to wait until they all had a copy.

Treasurers Report: Ken Unrein

2013 Annual Financial Information:

Income:	\$2,015,229 pesos
Expenses	\$1,653,125 pesos
Finance charges	\$6,223 pesos
2013 Total expenses:	\$1,659,348.93 pesos

There was a net gain in reserves of \$355,840. Ken Unrein opened the floor for questions on the 2013 report. Pam Grissom asked if in the future, the report could include the proposed budget item next to the actual expense for comparison purposes. Rod Sainsbury agreed that for next meeting that can be arranged. Conrado Garcia reported that he did not receive a notice or agenda and asked that the management company to send the information to all of the owners so that for the next meeting he can be more informed to vote. He indicated that he receives all of the notices for payment of dues so he feels that they have his email information.

2014 YTD of Sept 30:	Income:	\$1,895,712 pesos
	Expenses:	\$1,242,499 pesos
	Financial charges:	\$6,604 pesos
	To date Expenses:	\$1,249,103 pesos

There is a net gain of \$646,608 pesos in reserves. Ken Unrein opened the floor for questions. Ephraim Lennon asked for clarification of some of the numbers on the sheets that were handed out. Clarification given by Ken Unrein was satisfactory in that our year is January 1st through December 31.

Pam Grissom requested that an itemized budget be delivered ahead of time so that assembly members that are not present at the assembly meetings can review the spending also. Ken Unrein stated that every month he sends out a monthly detailed expense report on how much money is spent and where. Rod Sainsbury stated that we will prepare and send out the budget for the next meeting in advance.

2015 Budget:

Ken Unrein went through the 2015 budget line by line and stated the 2014 actual expense versus the 2015 projected expense (see attached budget.) There was some discussion regarding the management and administration and that the budgeted amount may fluctuate up or down depending on who is hired for the service. Diane Cimetta asked if there are going to be more bank accounts. The new accounts at CiBanco have no charges for those accounts, and CDM retained the Banamex account only to pay taxes until CiBanco provides that service in the future. Maintenance of the community was discussed and Doreen Lennon reported that this year she felt things were not kept us as well as they have been in the past.

Motion to amend Budget Presented by Ephraim Lennon:

“Raise the maintenance budget for 2015 by \$110,000 pesos.”

Seconded by Gary Resnikoff

Motion to amend Budget passed with a show of hands with only two opposing.

Discussion ensued about the security costing less for 2015 than 2014 and why there is no budget for the extra guard for Semana Santa. Rod explained that the new security company retained our existing guards with no pay cut and the new company will provide the extra guard for Semana Santa included in their contract.

The 2015 hurricane fund has been budgeted at zero because there is already \$336,000 pesos in reserves in that account that can only be spent on hurricane or natural disaster related repairs or needs. Less than \$50,000 pesos was spent in the last year and what is currently in reserves is adequate at this time. Pam Grissom asked what we spent it on this year. Ken Unrein explained that the clean up of lots was paid out of that fund and Rod Sainsbury mentioned that the entrance road and some water lines were also repaired.

Ephraim Lennon asked how much money is in the bank right now. Ken Unrein reported:

Expense account \$ 7,274 pesos
General account \$371,057 pesos
Banamex account \$19,054 pesos
Total expense accounts \$440,130 pesos

Investment account \$500,000 pesos
Hurricane fund \$336,162 pesos
Improvements and extra expenses \$466,611 pesos
Construction and deposits \$457,844
Total interest bearing accounts \$1,760,619 pesos
Total \$2,943,145 pesos

Accounts receivable:

Past due HOA fees for more than one year \$2,934,159 pesos

Past due for 2014 assessment \$156,205 pesos

Total receivables \$3,090,364 pesos

Total cash and receivables \$6,033,509 pesos

Motion to approve the Budget as amended presented by Ken Unrein:

“Approve the 2015 Budget and an assessment of \$2,000,000.00 Pesos for the year-2015.”

Seconded by Ariel Obregon

Motion unanimously approved by a show of hands.

Resolutions:

Resolution R141101 - Late Fee Penalties: *Change the current 5% quarterly assessed penalty to a 4% penalty effective January 1st 2015.*

Discussion: None

Resolution passed by a 83.8% ballot vote of those present or by proxy.

Resolution R141102 - Board Authority to Negotiate Penalties: **The board has the authority to Negotiate and modify the amount owners owe in late fee penalties.**

Discussion: Our current bylaws do not give the board the power to negotiate the penalties for outstanding association dues to enable collection of the principal owed in a win-win situation without a formal legal process. Diane Cimetta asked that it be limited to one time per lot or owner. Ariel Obregon observed that this may open the door for other people to not pay on time because there is no consequence. Rod Sainsbury stated that we are actively looking for a solution to get people paid up, but right now all we can do is follow the bylaws which only allow us to negotiate up to four quarters of penalties. Every case is different, but it is preferable to work through things rather than take it to a legal process to collect. It was suggested by an assembly member that a contract be in place with any owner that has received a negotiated benefit on their delinquent dues. Ken Unrein commented that any agreement that would be reached with an owner will be drawn by attorney and enforceable.

Ephraim Lennon requested that the motion be clarified to read as follows:

Motion: The board has the authority to negotiate with owners to modify or waive late fees or penalties up to 100% on a one time per property owner, case by case, basis.

Seconded by Gary Resnikoff

Motion to Amend Resolution R141102 passed with a unanimous show of hands.

Resolution passed by a 76.7% ballot vote of those present or by proxy.

Resolution R141103 - Separation of Funds: The treasurer shall maintain separate bank accounts for dedicated funds and operating funds.

Discussion: It is necessary to maintain separate accounts for separate items. This resolution will assure that any future treasurer will be required to maintain those separate accounts.

Passed with 88.2% ballot vote of those present or by proxy.

Resolution R141104 - Repair the Sidewalks and Curbs: Assembly authorizes the Board to proceed with repairing the street, curbs and sidewalks.

Discussion: There was some concern about the cost and where the funds will come from, but this resolution is only to vote whether the assembly wants the damaged areas to be repaired or not.

Passed with 89.2% ballot vote of those present or by proxy.

Resolution R141105 - Improve the area west of the pool. Renovate (1) Tennis court add (1) pickle ball court and add other (to be determined) facilities: Assembly authorizes the Board to proceed with improving the sports facilities in the area to the west of the swimming pool.

Discussion: This topic resurfaces every year. Design drawings have been prepared for the assembly to review after the meeting and the board would like input from the assembly members. Ariel Obregon suggested that a playground be included in the plans. Rod Sainsbury requested volunteers for a committee to plan and submit ideas to the board. A sign up sheet was available after the meeting. Pam Matthews stated that the bylaws require these amenities to be available in the community. The goal is to have the improvements under way before the April meeting and completion sometime in 2015.

Passed with 89.2% ballot vote of those present or by proxy.

Resolution R141106 - Funding: Assembly authorizes the Board to use funds from the Reserve for improvements and unexpected repairs account to pay for the approved improvements.

Discussion: To clarify, the motion wording to be changed as follows:

Motion: Assembly authorizes the board to use funds from any account that has excess reserves, with the exception of the Hurricane and Natural Disaster Fund, to pay for the improvements which are approved through the assembly.

Passed with 94.4% ballot vote of those present or by proxy.

Ken Unrein commented that there is over \$3,000,000 pesos in unpaid dues. This amount would more than pay for the improvements. He urged all assembly members to talk to their neighbors and encourage the delinquent owners to take steps to bring their accounts current.

Non-resolution ballot items:

The owner of lots 63 & 65 requested that the board forgive all the penalties assessed against his lots. The Board advised him that only the assembly has the authority to forgive more than 4 quarters of penalties under the current bylaws. The lot owner has formally requested permission to address the assembly and ask to approve the following motion.

Motion M141101:

Owner of Lots 63 & 65 requests that the assembly forgive all of his late fees for a total credit of \$139,401.72 MN \$10,723.00 US (Lot 65 \$64,982.87, Lot 63 \$74,418.95).

Alondro Chavez, owner, explained that he bought the lots in good faith and paid the owner in full and he was never informed that there were outstanding dues. He made plans to build a house and he went to the property management office for the plans to be approved and found that there were over \$380,000 pesos in unpaid dues. He is willing to pay the principal balance and continue forward in paying the dues.

Discussion: Lic. Arnulfo Salas Castro stated that legally, if he was not informed, than we cannot legally enforce him to pay. The responsible party was the seller, but the debt was hidden and not recorded. Legally, it was a debt that he did not have. Alondro Chavez suggested that a sign should be posted on the lots that have delinquent dues. Rod Sainsbury stated that Sr. Chavez came to the board and explained that he is willing to pay the dues he is only asking to waive the penalties. He deposited \$15,000 US to CDM in good faith so that he could commence construction and requested the opportunity to ask the assembly at the next meeting to forgive the penalties. He is current and paid in full.

Alondro Chavez made a solemn promise to the assembly that from 2015 forward, if he does not pay his dues, he will pay all penalties or delinquent fees, but, it will not happen because he is committed to paying the dues.

Passed with 89.2% ballot vote of those present or by proxy.

Motion: Discussion and Voting for the Board of Directors:

Election of the 2015 Board of Directors:

Wade Earl:	President	100%
Rod Sainsbury:	Vice President	94.4%
Norene Sullivan:	Secretary	80%
Ken Unrein:	Treasurer	94.3%

Election of the Board of Directors Passed by the percentages above

Nomination of 2015 Vigilance Committee President and members:

President: Robert Strong
Members: Louie Ocampo

Nomination of the Projects Committee:

Members: John Lowe, Robert Strong

Adjournment:

Ken Unrein motioned that we adjourn.
Doreen Lennon seconded.

The meeting was adjourned at 11:39 AM

Respectfully submitted,

Norene Sullivan, Secretary

Rod Sainsbury, President

Norene Sullivan, Secretary

Ken Unrein, President Vigilance Committee