

COSTA DEL MAR
San Carlos, Sonora, Mexico
GENERAL ASSEMBLY MEETING MINUTES
Saturday, November 05, 2016 Location: CDM Clubhouse

THE ASOCIACIÓN DE PROPIETARIOS DEL FRACCIONAMIENTO RESIDENCIAL TURÍSTICO “COSTA DEL MAR” A.C., SUMMONS TO A GENERAL ORDINARY ASSEMBLY MEETING, THAT WILL BE HELD ON FRIDAY 4TH, IN THE CLUB HOUSE OF THE FRACCIONAMIENTO RESIDENCIAL TURÍSTICO COSTA DEL MAR AT 3:00 PM ON FIRST CALL AS A REQUEST OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASOCIACIÓN DE PROPIETARIOS DEL FRACCIONAMIENTO RESIDENCIAL TURÍSTICO “COSTA DEL MAR” A.C., AND FOR THE CASE THERES NOT LEGAL QUORUM THE ORDINARY GENERAL ASSEMBLY WILL BE HELD ON SECOND CALL ON SATURDAY 5TH OF NOVEMBER 2016 AT 8:30 A.M. IN THE SAME PLACE, WITH AT LEAST 25% OF THE MEMEBERS OF THE ASSOICATION, ACCORDING TO THE ARTICULES 27 AND 28 OF BYLAWS OF THE ASSOCIATION, WITH THE FOLLOWING ITEMS TO BE DISCUSSED:

AGENDA

1. WELCOME.
2. DESIGNATION OF PRESIDENT TO LEAD THE ASSEMBLY.
3. DESIGNATION OF SECRETARY OF THE ASSEMBLY.
4. APPROVAL OF TWO EXAMINERS.
5. ATTENDANCES AND STATEMENT OF LEGAL QUORUM.
6. PRESIDENT REPORT.
7. TREASURER REPORT.
8. APPROVAL OF BUDGET FOR 2017.
9. VIGILANCE COMMITTEE REPORT.
10. PROJECT COMMITTEE REPORT.
11. ATTORNEY REPORT.
12. ELECTION OF BOARD MEMBERS
13. RATIFY OR GRANT OF POWERS.
14. DESIGNATION OF 3 VIGILANCE COMMITTEE MEMBERS.
15. VOTE TO APPROVE THE RECOMMENDED BOARD RENTER REGULATIONS.
16. GENERAL AFFAIRS.
17. APPOINTMENT OF SPECIAL REPRESENTATIVE TO FORMALIZE THE GENERAL ASSEMBLY MEETINGS MINUTES BEFORE A NOTARY PUBLIC.
18. ADJOURN OF ORDINARY GENERAL ASSEMBLY MEETING.

Board Officers in attendance:

Hector Martinez – President, Richard Romo - Secretary, Ken Unrein – Treasurer

Guests:

Translator: Rudy Velazquez Accountant: Reyna Mera

Attorneys: Lic. David Peralta Moreno

First Call to order: November 04 2016 3PM.

Doreen Lennon and John Lowe were appointed as examiners for this meeting.

Examiners reported: There was not a legal quorum present to call the meeting.

Second call to order: November 05, 2016 9am.

Doreen Lennon John Lowe were appointed as examiners for this meeting.

Examiners reported a Second Call Legal Quorum of 26.4% present in person or by proxy.

Election of President to conduct the meeting:

Scott Elliott was nominated by Hector Martinez as President to conduct the meeting.

James Crank was nominated by Hector Martinez as Secretary for the meeting.

The assembly approved the nominations by a voice vote.

Scott Elliott opened the meeting by reviewing with the assembly that our HOA was in compliance with State of Sonora requirements and that we were in proper legal standing to conduct the meeting. Legal counsel, David Peralta, supported this opinion.

The Assembly approved examiners Doreen Lemmon and John Lowe.

Presidents Report: Hector Martinez reported that we got the gates working and pool gates got security latches and self – closure hinges. We continued to upgrade community lighting with LED bulbs. Mr. Martinez called for more community support. Mr. Martinez agreed to continue to be president.

Treasury Report: Ken Unrein provided account balances of all HOA financial accounts to the Assembly and explained the purpose of each account as follows:
EXPENSE account from which we pay all our normal operational expenses.
GENERAL account is where deposit of dues go into and it funds the EXPENSE account.
RESERVE FOR IMPROVEMENTS & REPAIRS account is a restricted account. Money from that account can be spent only if the following occurs. A request for funds is submitted from any homeowner to be used for any repairs and improvements that they desire. That request must be submitted to the BOARD with a written description (Plans and Material Specifications) for the project and three bids are to be provided. If approved by the Board it is then submitted to Vigilance committee for approval. Project is then sent to the owners for their input, funds can then be spent on the project, unless there is a negative response from owners. If there is a negative response the project is put ON-HOLD until submitted to the assembly at next meeting for a vote. It was noted that the VIGILANCE COMMITTEE is currently comprised of Robert Strong, Louis Ocampo and Ken Unrein. The Assembly appoints these positions. NATURAL DISASTER account is also a restricted account. Money from this account can only be spent in response on a natural disaster. We have a CONTRUCTION deposit account. Money in this account does not belong to the association, but is a deposit account holding individual construction deposits to insure compliance with construction rules and regulations. Once construction projects demonstrate completion and completion, deposits are retuned. We have two DOLLAR accounts one at CiBanco in Mexico and a Bank Of America in USA to facilitate the deposit of dues paid in dollars. John Lowe inquired if it was legal under HOA regulations to maintain a reserve account. Our accountant, Reyna Mera, assured the Assembly that is proper and legal and that there is no limit to how many funds can be maintained. Mr. Unrein introduced our CPA Reyna Mera. He explained that she generates monthly, quarterly and annual financials for the HOA. Ms. Mera explained to the Assembly that our administrator was complying with all necessary rules and regulations pertaining to employee taxes and social security. Ms. Mera also

assured the assembly that the book keeping and accounting provided to her by our administrator was of a very thorough and timely manner. Mr. Unrein took this time to explain that there are no bank accounts are assigned to an individual, but rather are held in the name of the association only. Mr Unrein then reviewed with the assembly from the proposed 2017 Budget (provided) the actual expenses through August in each of the main budget categories.

At this point, Effrain Lennon shared his frustration with the outcome of the Sports Court Area of which he was involved in the planning. He explained that he provided 3 contractor bids and a total budgeted amount was approved and the scope of the project was approved. However, the finished project fell well short of the scope approved. A long discussion ensued. It was concluded that if members of the assembly want further development of the Sports Court, fresh proposals with bids will need to be submitted to the Board.

APPROVAL of the 2017 Budget: A copy of the proposed 2017 budget was provided to the Assembly. Mr. Unrein read key numbers and the Budget has been attached to the minutes for the record. The Assembly by voice vote unanimously approved the proposed 2017 Budget.

There was a discussion regarding restoring sand beach barriers to restrict recreational vehicle access. The Board clarified it has no jurisdiction in this matter. It was requested that we reach out to Ariel Obregon for his assistance in this matter. There was no opposition to the Budget.

VIGILANCE COMMITTEE REPORT. No member of the vigilance committee was present, but a written report provided and inserted here:

COSTA DEL MAR OWNERS ACCOCIATION VIGILANCE COMMITTEE REPORT NOVEMBER
2016

I have reviewed all financial reports that were sent to me and have reviewed the reports for accuracy and completeness.

The 2017 proposed budget is in line with passed, current and future expenses of CDM's operating budget.

My only observation and proposal is that all funds from the Bank of America account be transferred to the CI Banco CDM Account as we already have a dollar account in the current accounting system.

All other questions pertaining to the actual CDM budget should be answered by the Administrator and Treasurer. CDM is in excellent financial condition due to the efforts of Mr. Ken Unrein and now makes it possible to have available funds for approved repairs and projects.

Delinquent or unpaid assessments are improving as in 2010 there were 72 of 135 Lots in arrears to the present of 54 of 135 Lots in arrears. This amounts to 4,194,181.25 peso's in unpaid fee's. This money would go a long way to making CDM one of the best Gated Communities to live in. This also means that 60% of CDM owners are carrying the burden for the other 40% that feel that they do not need to pay. I would recommend to the Board that The Board vote on another Amnesty Period where Owners that are

delinquent in the assessment's can get caught up again. It is the Board who must come up with a fair and equitable way to get delinquent home owners to pay their fair share of the CDM expenses. The recommendation can then be brought before the Owners for a vote.

The CDM area was damaged by Hurricane Newton and a lot of man hours by our maintenance staff have brought it back to looking presentable again. We now have working street lights and the beach and streets look considerably better. Remember that property owners are responsible to maintain their own lots at their costs and not to the CDM budget. Our maintenance workers do a very good job on our behalf.

One observation is that the maintenance people need the proper equipment and tools to do

their jobs and this should be reviewed by the Board and voted on. This would be an expense that serves all property owners. There should also be a proper storage shed for all CDM tools and equipment.

The Tennis and Pickle Ball Courts need restriping of the lines which should include stripping the tennis court with a Pickle Ball court within the existing tennis lines in yellow paint. This should not cost very much to do and if it had been stripped properly the first time, we would not be having this conversation. The contractor should be called back under the warranty to make the needed repairs. There should also be covered benches on both sides of the fence between the courts for people to sit while waiting to play. A bench that would allow four people to sit at one time would be good, and should have a cover over the bench for shade. This is part of the common area and should be getting routine maintenance including the re-painting of the lines. The benches may have to be voted on because of the additional expense to add them now. There should also be a Palapa with a table in the grassy area for people to visit or have lunch. Again this needs to be addressed at the meeting and a budget planned for the additional improvements.

My final comment is that CDM has a Board voted in by the Property Owners, and to make this democratic system work, Owners must be a part of the system and vote for what you want. Let us all work together to make Costa del Mar a better place to live and enjoy for all.

Robert Strong@President CDM Vigilance Committee Lot #2

PROJECT COMMITTEE REPORT: Ramiro Guzman stated that the Project Committee had nothing to report.

ATTORNEY REPORT: Mr. Elliott introduced our HOA retained attorney - David Peralta. Mr. Peralta read from a prepared report (attached) the current outstanding legal court cases pending with the HOA. There were various questions of clarification on these cases and Mr. Peralta responded that he would keep the Board and Assembly updated as these cases moved through the courts. Charles Woehr (Lot 104) made a specific request as to the legal cost of legally collecting past dues and fees owed to the HOA. Mr. Peralta explained that attorneys involved in collecting these dues are to be paid on a contingency basis. As no dues have yet been collected, no legal fees have been paid. Mr. Peralta also explained to the Assembly, the complex nature of collecting outstanding past dues and fees, but they had reached the stage that there were close to filing 5 lawsuits against some the most egregious cases. Mr. Elliott reminded the Assembly that unpaid dues are passed on to the purchaser of property in Costa Del Mar (CDM).

ELECTION OF BOAD MEMBERS: Before proceeding with the election of board members, it was announced that the name of Effrain Lennon was added to the position of Treasurer. Mr Effrain was given the opportunity to introduce himself to the Assembly.

Charles Woehr (lot 104) objected to the nomination of James Crank as secretary citing lack of resident status. It was explained that James Crank had been approved by the State of Sonora to be added to Trust Title of lot 131. Said updated title will be provided to the Administrator upon receipt from the State of Sonora. It was requested of the Assembly that they fill out their ballots and present them to the examiners for tabulation. John Lowe (Lot 83/84) made a second announcement , reiterating Effrain Lennon was on the ballot and that if you did not have a ballot with his name on it, you could either write it in or request an updated ballot.

By ballot vote the assembly appointed the new board:

Hector Martinez	President
Scott Elliot	Vice President
James Crank	Secretary
Ken Unrein	Treasurer

RATIFY OR GRANT OF POWERS TO THE BOARD:

In regards to the granting or ratification of powers to the board of directors, Mr. Kenneth Lee Unrein suggested to grant or ratify powers that are seen on Article 13 of the constitutive basis of the Asociacion de Propietaros del FraccionamientoResidencialTuristico Costa del Mar, which are crucial for the functionality of the board of directors. Mr. Hector Martinez seconded this request. This was voted for by a show of hands and by unanimity of votes the granting or ratifying of powers was approved.

AGREEMENT

The granting or ratifying of powers for the new board of directors of the Civil Association known as Asociación de Propietarios del FraccionamientoResidencialTurístico Costa del Mar A.C.”

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RESOLUTIONS & MOTIONS:

RESOLUTION 161103 AUTHORIZE THE BOARD TO PURCHASE AND MAINTAIN A WIRELESS INTERNET SYSTEM. Mr, Unrein explained that at the request of various residents, an upgraded wireless Internet connection system was requested. He stated there is no history of the CDM HOA providing a system to the community.

Motion 161103 passed with a ballot vote of 62.1 % Yes and 37.1 No.

RESOLUTION 161104: FUNDING FOR RESOLUTION 161103 This resolution was to determine whether:

ONE (1) - an assessment to the residents to pay the service.

TWO (2) the individual owners who subscribe to the service should pay for the service.
RESOLUTION 161104 part ONE (1) Failed with a ballot vote of 50% Yes and 50% NO.
RESOLUTION 161104 part TWO (2) Passed with a ballot vote of 67.6%.

MOTION: 161102:

ONE (1) Allow parking of trailers on the streets of CDM.

Discussion: In consultation with our attorney – David Peralta - this Motion was determined to be invalid because it would change an exiting CDM By-Law (contained in the original Spanish translation) which prohibits trailers to be parked or stored on the streets of CDM. No vote was taken.

TWO (2) Charles Woehr (Lot 104) Requests that the Assembly remove up to 75,700 pesos from his account.

Discussion: It was determined that there was an inaccurate translation of the By-Laws from Spanish to English which caused Mr. Woehr to be under the impression that the by-law permitted boat trailer parking. Upon clarification, Mr. Woehr agreed to follow the original and legal By-Law and remove all trailers from CDM common areas and streets if his penalty fees were erased.

Motion: 161102 TWO (2) Passed with a ballot vote of 66.7%

RESOLUTION: 161101 RENTAL REGULATIONS:

- 1) Principal renter must occupy the residence.
- 2) Maximum of 4 overnight guests per bedroom (including children).
- 3) No loud music or outside noise after 11 PM in CDM or on the beach.
- 4) No ATV's, RV's or Rinos allowed in CDM.
- 5) No subleasing or alteration of a rental agreement is allowed.
- 6) Maximum of 2 vehicles per rental unit.
- 7) A parking permit is required for each vehicle.
- 8) Vehicles without a parking permit will be denied entry.
- 9) Properties, which are not current with their CDM account, cannot be rented.
- 10) A \$5,000.00 rule violation fine will be assessed to the 1st violation and \$7,500.00 rule violation fine for subsequent rule violations if the renter does not comply with CDM by laws and regulations.
- 11) Renters who do not comply with CDM regulations will be required to leave.
- 12) Pre payment of a rental impact fee, which is to be determined by the CDM Board of Directors, is required.

Discussion: It was determined that we would vote on each of the 12 rental regulations presented above and then, at the end, vote them as a package Yes or No. Listed below is the result of the working forum and the resulting 10 resolutions that were presented for the YES or NO vote.

- 1) THE LESSEE MUST OCCUPY THE LEASED PROPERTY DURING THE TERM OF THE LEASE
- 2) Maximum of 4 overnight guests per bedroom (including children).
- 3) No loud music or outside noise after 11 PM in CDM or on the beach.

- 4) No ATV's, RV's or Rinos allowed in CDM.
- 5) No subleasing or alteration of a rental agreement is allowed.
- 6) Maximum of 2 vehicles per rental unit.
- 7) THE ACCESS TO THE CARS OF THE LESSEE WILL BE DENIED TO COSTA DEL MAR WITHOUT A TEMPORARY PERMIT.
- 8) Vehicles without a parking permit will be denied entry.
- 9) Properties, which are not current with their CDM account, cannot be rented.
- 10) A WARNING WILL BE PROVIDED TO THE LESSEE AND TO THE OWNER OF THE LEASED PROPERTY FOR ANY VIOLATION TO THE RULES OF RENTERS OF COSTA DEL MAR. IF THE LESSEE CONTINUES VIOLATING THE RULES OF RENTERS OF COSTA DEL MAR A FINE OF \$5,000.00 PESOS WILL BE DEMANDABLE, IF THE LESSEE AFTER THE FIRST FINE CONTINUES IN VIOLATION OF THE RULES OF RENTERS OF COSTA DEL MAR A SECOND FINE OF \$7,500.00 PESOS WILL BE DEMANDABLE
- 11) REMOVED
- 12) TABLED

Amended Resolutions passed 79% YES and 25.4 NO

GENERAL AFFAIRS:

BEACH- Scott Elliott brought before the Assembly the research that has determined the Beach has eroded by 80%, that the natural process of the beach restoring itself no longer exists and how the lack of a beach will have a detrimental affect on property values. A committee was formed to evaluate and recommend actions to take to restore the beach. Volunteers to the BEACH RESTORATION COMMITTEE are:
Pam Grissom (Lot 131), Diane Cimetta (Lot 127), Scott Elliott (Lot 130), Jose Richardo Romo Ramirez (Lot 51), Jay Weisner, Frank Westerbeke (Lot 135)

EMAIL CONTACT LIST: Diane Cimetta (Lot 127) suggested everyone send an email to the administrator (Veronica Sandoval verosancarlos@gmail.com) to help bring the list current.

Pam Grissam motioned that we adjourn the meeting. Scott Elliott seconded the motion. The meeting was adjourned at approximately 3:00 pm

Respectfully submitted,

_____ James Crank, Secretary