

## EXTRAORDINARY GENERAL ASSEMBLY MINUTES SEPTEMBER 22, 2018

### 1. LIST OF ASSISTANCE, DECLARATION OF LEGAL QUORUM AND INSTALLATION OF THE ASSEMBLY.

At 10:00 a.m. on September 22, 2018, beginning work, proceed in Third Call, with the presence of 38 members listed in the attendance list attached, to DECLARE THE EXISTENCE OF QUORUM LEGAL, formally installing the extraordinary General Assembly, so the works that are developed in it are valid and legal, as well as the determinations and agreements that are taken, informing that Pablo Bravo Delgado will act as a translator of works in the English language for those who do not speak Spanish.

### 2. READING AND APPROVING THE AGENDA.

Mr. Pablo Bravo and Mr. Oscar Cobián, President and Secretary respectively, read the AGENDA:

1. Assistance list, Legal Quorum Statement Assembly and Installation.
2. Reading and approval of agenda.
3. Appointment of scrutineers.
4. Reading and approval of Minutes of the last Assembly (May 26<sup>th</sup>, 2018).
5. Report by the Surveillance Committee.
6. Election Process of the two Surveillance Committee Members.
7. Election Process of one Board Member (Alternate Treasurer).
8. Presentation and Approval of the Financial Report by the Treasurer.
9. Approval of the Regulations of the Club House and Recreation Areas.
10. Modification of article 61° of the Association Statutes.
11. PROMOCASA report.
12. Appointment of delegate, closing and lifting Assembly Act.

Once the reading of the agenda is done, Mr. Pablo Bravo Delgado, President of the Assembly, mentions to those present that Promocasa requests permission to advance his report, which was not approved by the assembly, for which the approval of the Agenda is put to the vote, taking the following:

#### **A G R E E M E N T:**

**RESOLVED** unanimously by the votes of those present, approve the Agenda of the day published in the call that was made for this Extraordinary General Assembly.

### 3. APPOINTMENT OF SCRUTINEERS.

Mr. Pablo Bravo, requests the support of volunteers to serve as scrutineers, explaining that the scrutineers are responsible for counting the votes, to which Benjamín Bernabé Flores Hernández, Eduardo Ainslie and Lamberto Jaramillo volunteered as proposals and as there are no more candidates, the volunteers are put to a vote as the assembly scrutineer proposals, resolving as follows:

#### **A G R E E M E N T:**

**RESOLVED**, by unanimous vote, the approval of the appointment of Benjamín Flores Hernandez, Eduardo Ainslie as scrutineers of this Assembly.

Once the scrutineers have been appointed, they count the attendees confirming the presence of 38 associates.

### 4. READING AND APPROVAL OF MINUTES OF THE LAST ASSEMBLY (MAY 26TH, 2018).

At this point, the President of the Board, Pablo Bravo Delgado stated that the Minutes from May 26<sup>th</sup>, 2018 has been sent to all the associates and requested that the reading was skipped. Nobody objected, so the voting was resolving as follows:

**A G R E E M E N T:**

**RESOLVED**, by unanimous vote of those present, the approval of the Agenda from May 26<sup>th</sup>, 2018.

**5. REPORT BY THE SURVEILLANCE COMMITTEE.**

Rafaela Vásquez exposed to the Assembly the report from September 2017 to September 2018, and stated her presence in all of the Board meetings where she noticed the dedication, work, respect, and honesty of the Board members who are always looking after the security and wellbeing of the community. Considering that the main issue to the community are the short-term tenants because they are not willing to follow the regulations as they are in the development for a few days. For example: they do not clean after their pet and leave them unleashed, and they do not respect our guards. She recognizes the work of the Board members who sacrifice their rest periods in benefit of all; and stated that it is easy to judge, criticize and even offend, but there are no volunteers to do the job responsibly. A lot has been achieved, but there is a lot more to do. It is necessary to remind that everyone's participation in respecting and the compliance with our regulations is needed because we are all responsible. Mrs. Vásquez invites everyone to attend monthly to the meetings, held on the second Saturday of each month. Finally, she thanks for the trust given by the associates.

The assembly thanks Mrs. Rafaela Vásquez for her participation and report.

**6. ELECTION PROCESS OF THE TWO SURVEILLANCE COMMITTEE MEMBERS.**

The Board requests to those present the proposal of volunteers for the two vacant positions, reminding them the responsibility of their attendance to all the monthly and extraordinary meetings summoned by the President of the Board.

Beatriz Beltran from Cipres F-8, and Eduardo Ainslie from Cactus C-9, and Lamberto Jaramillo from Samara J-22 volunteered. After their individual presentation, they are submitted to vote of those present to choose which two of the three candidates would take the vacant positions (Beatriz Beltran 26 votes, Eduardo Ainslie 25 votes y Lamberto Jaramillo 7 votes). Resolving as follows:

**A G R E E M E N T:**

**RESOLVED**, by a majority of votes of those present, the designated Surveillance Committee are Beatriz Beltran from Cipres F-8 y Eduardo Ainslie from Cactus C-9 for the period of September 2018 to September 2019.

**7. ELECTION PROCESS OF ONE BOARD MEMBER (ALTERNATE TREASURER).**

The President of the Assembly informs that the based on the Summon sent on July 22<sup>nd</sup> of 2018, in which the interest members of the Association were invited to participate in the election of the new Alternate Treasurer of the Board of Descanso Homes, A.C., there was only one proposal for the vacant sent by Mr. Ignacio González from Amul B-14; the petitioner met all the requirements in form and a timely manner. Therefore, the election is put up to vote, resolving as follows:

**A G R E E M E N T:**

**RESOLVED**, by unanimous votes of those present, the approval of Mr. Ignacio González Martínez as the designated Alternate Treasurer for the period of September 2018 to September 2020.

**8. PRESENTATION AND APPROVAL OF THE FINANCIAL REPORT BY THE TREASURER.**

The Treasurer, Jesús Alberto Pastrana Rodríguez, stated that the Financial Report was sent monthly by email, and exposed the incomes and expenses period from May to August 2018. He stated that the most representative expense with the 57.41% of all the expenses are still the administrative and the payroll. The bank state from August 31<sup>st</sup> of 2018 is \$971,471.58, from which \$416,942.44 are the Reserve Fund, therefore the remaining \$554,529.14 are for the operating expenses, payroll, taxes and the maintenance needs. The detailed information was delivered to those present. Once the Financial Report was delivered, it is up to vote for its approval, resolving as follows:

**A G R E E M E N T:**

**RESOLVED**, by unanimous votes of those present, the approval of the Financial Report exposed by the Treasurer, Jesús Alberto Pastrana Rodríguez.

Afterwards, Mr. Pastrana exposed detailed dynamic graphics about the incomes and expenses from August 2013 to July 2018. The increase of income is due to the fact that more houses were sold. There has been more income, but therefore more expenses. From August 2016 to July 2017 the expenses grew because of the equipment of the Clubhouse, because Promocasa only delivered the building (empty). From August 2017 to July 2018, there is a relevant increase of incomes because some of the Homeowners already paid their 2019 Maintenance Fees (\$7,600.00 dollars). Mr. Pastrana exposed to those present that if the monthly income of Maintenance Fees remains the same, shortly the income will not be enough for the maintenance and new projects. There are needs such as a warehouse to store the equipment and maintenance tools, the staff does not have a decent place to eat, an increase in salaries is required, it is urgent to repair the pool, there is a list of projects that can not be carried out because there is no money. Everybody can notice that the personal expenses have increased such as propane gas and gasoline. After listening to comments and suggestions from those present, the secretary of the Board of Directors asks for order and asks them to reflect on the fact that the Board of Directors is working voluntarily, without salary and with the best desire to serve looking for the benefit of the community, and he invites them to attend monthly to the meetings so they can find out about all the problems that arise and not only to express criticism in an Assembly. Therefore, he asked for the attendees to respect the work being presented. Mr. Cobián informs that only 8 privadas have been delivered by Promocasa and that shortly the HOA will be responsible of all the expenses of the development.

F-8 Proposed a Financial Analysis to make budget cutbacks and reduce expenses.

J-19 Proposed that the Board of Directors presents a budget and sticks to it. Pablo Bravo answered that the budgets are being made, but when its time of the purchase the prices already increased; we could take care of a project per month and sent it through email to everyone for its approval.

A-5 expressed that has a lot of respect and gratitude for the work of the Board of Directors. Also, suggests presenting projects with costs to make them through extraordinary fees. Jesus Pastrana responds that it could be done, the problem is that afterwards it is a battle making them pay, as an example the \$ 280 pesos of the clubhouse tile, that currently there is people who refuse to pay, besides the conflict of convincing people, knocking on doors, it is a big problem, not everyone is as openminded.

F-9 proposed selling chips, etc., as in a way to increase incomes. Jesús Pastrana answered that there is a fee charge for the installations used in particular events.

I-15 considers that is fair to charge a fee for the use of the installations in particular events, we need to be conscious and support.

A-19 agrees that a fee is charged for particular events, but requests more cleaning in the bathrooms to keep everything clean. Oscar Cobián indicates that this issue will be discussed in the next point of the approval of the Regulation, states that the Treasurer is not saying that there is no money, they are informing and presenting a real state of the finance so that those present realize the situation and what to expect, an increase has not been mentioned, is still being analyzed because expenses are rising.

J-22 proposed staff reduction.

The Treasurer continued presenting the information of 5 years of income, expenses and bank states. He also stated that the maintenance fee increase has been talked in the last two assemblies, there is the need to set a percentage and voting for its approval, it is considered a 15% this way it wouldn't need to increase in a few years.

Mr. Pastrana asked to Mr. Sergio Ramírez (Previous Treasurer) who confirms that there has not been an increase in the Maintenance Fees for 10 years, they increased the preferential exchange, but not the Maintenance Fees.

Mr. Pablo Bravo explains that it is required to hire more gardening staff, the pool needs to be repaired, the construction of warehouse for the equipment and tools, and the need of a salary increase.

C-18 asks for consciousness of the need for the salary increase and for it to be considered in the budget.

J-19 agrees in the increase but asks for it to be presented in a summon. Mr. Grijalva (Lawyer of the Association) explains the legal part of the statutes in which says that there is no need to summon because the Assembly is already reunited.

Taking the following:

**AGREEMENT:**

**RESOLVED**, the 15% increase in the Maintenance Fees is not approved. In the assembly of May 2019, the Treasurer will expose the analysis and definitive percentage for the Maintenance Fee. Mr. Eugenio Long Ascolani from Samara J-8 and Maria Gloria Rodriguez Robledo from Samara J-22 compromised in attending to the monthly Board meetings to participate and help with the financial analysis.

C-18 made some observations of what he lived in the summer for it to be attended, related to the cleaning of bathrooms, insecurity, lighting, drinks in the pool, etc.

After listening to the comments of some of the participants, Mr. Cobián answered that everyone should understand that in order to make all the improvements they are requesting, such as more security, more lighting, improving the facilities of swimming pools, bathrooms, gardens, etc. money is required, that is why the increase in fees is imminent and urgent. He also comments on how difficult is to find reliable security elements.

## **9. APPROVAL OF THE REGULATIONS OF THE CLUB HOUSE AND RECREATION AREAS.**

The President of the Assembly gave the floor to Mr. Oscar Cobián, Secretary, who informs that the Regulations were sent by email to all the Homeowners for their knowledge, and that it had modifications because the previous version made by Promocasa did not considered the Clubhouse. The Board received comments and proposals which were read by Mr. and Mrs. Cobián, and Jesús Pastrana.

A-28 proposed to the Board that the charge fee for particular events was added to the Regulations, plus a \$200.00 (Two hundred dollars 00/100 US Cy) deposit in guarantee for the conservation and good use of the installations. the pertinent comments received to add and/ or modify will be considered in the final Regulation that will be sent to all by e-mail, as well as in the web page descansohomes.org as soon as it is finished. The Regulations of the Clubhouse and Recreational Area are put to vote, taking the following:

### **A G R E E M E N T:**

**RESOLVED**, with 35 votes in favor and 1 against, the Regulations of the Clubhouse and Recreational Area are approved, in which are added the proposals received in the Assembly.

## **10. MODIFICATION OF ARTICLE 61° OF THE ASSOCIATION STATUTES.**

Mr. Jose Manuel Grijalva (Lawyer) exposed explaining the Article 61° of the Association Regulations about the sanctions to those who do not comply with the regulations, which are the following:

ARTICLE SIXTIETH FIRST. - The unfulfillment from one of the associates to the disposed on the constitutive statutes of the association, empowers the president of the directive board to impose the following sanction:

1. First incident. - Warning without penalty
2. Second incident. - Warning of the economic penalty
3. Third incident. - \$10.00 dollars (ten dollars 00/100 US Cy)
4. Fourth incident. - \$ 25.00 dollars (twenty-five dollars 00/100 US Cy)
5. Fifth incident. - \$ 50.00 dollars (fifty dollars 00/100 US Cy)
6. Sixth incident. - Suspension and separation of the association from the assembly.

When an associate covers the assigned penalty, they will return to initiate point one: the warnings.

AGREEMENT AUG-05-2013 (05-25-2013).

The proposal to modify the Article 61<sup>st</sup> of the Regulations is to reinforce the compliance of the Regulations, and is modified as follows:

**ARTICLE SIXTIETH FIRST.** - The unfulfillment from one of the associates to the disposed on the constitutive statutes of the association, empowers the president of the directive board to impose the following sanction:

1. Warning of the economic penalty
2. First incident. - \$ 50.00 Dollars (Fifty dollars 00/100 US Cy)
3. Second incident. – Fine of \$ 100.00 Dollars (One hundred dollars 00/100 US Cy)
4. Third incident. - Suspension and separation of the association from the assembly.

When an associate covers the assigned penalty, they will return to initiate point one: the warning.

Fines will be cumulative to the Homeowner's Account Statement.

The modification to Article 61 of the Regulations of the Association is put to the vote for its approval, taking the following:

**A G R E E M E N T:**

**RESOLVED**, by unanimous votes, the approval of the modification to the Article 61<sup>st</sup> of the Regulations of the Association.

**11. PROMOCASA REPORT.**

The representatives of Promocasa, Juan Carlos Camacho and Belén Hernández, report the following:

Progress made by Promocasa

Ditches and re-leveling of grit catchers, the works were carried out in approximately 566 linear meters.

Habilitation of a U-turn in the boulevard before the exit of the development.

The guard house of the entrance was demolished to build a bigger one with a bathroom for the employees.

We will install 4 turnstiles, 2 for the visits and suppliers, the other 2 for Homeowners who are up to date with their maintenance fees, since access cards can be blocked for those who have debts with the Association. The cost of each card will be \$ 150.00 pesos and the Administration of HOA will inform you how many cards can be obtained per house.

Promocasa will deliver to the Association the written compromise of the new pavement of the boulevard after Sunset is finished. That includes the 2 streets damaged in Privada Álamo.

Regarding to warranties, we received 78 requests, 58 were attended, 7 are still in process, and 13 are pending to be attended.

Promocasa is associated with Mr. Santana, access to enter the property of the Santana family (by the school) is not feasible, the only access is to return by cuenca lechera.

Guarantees are only valid when the claim is made within the period of validity and does not apply when the policy is expired.

**12. APPOINTMENT OF DELEGATE, CLOSING AND LIFTING ASSEMBLY ACT.**

The Assembly resolved that the Manager Jannette Mateos is the delegate of protocolizing the respective Minutes made for this Assembly.

At 1:20 p.m. on September 22, 2018, the President of the Assembly, Mr. Pablo Bravo Delgado, declared the General Assembly closed.

**BOARD OF DIRECTORS,**

PABLO BRAVO - PRESIDENT

OSCAR M. COBIAN - SECRETARY

JESUS A. PASTRANA - TREASURER

MANAGER OF "DESCANSO HOMES, A.C."

JANNETTE MATEOS