
ORDINARY ASSEMBLY MINUTES MAY 25th., 2019

1. ATTENDANCE LIST, LEGAL DECLARATION OF QUORUM, AND ASSEMBLY INSTALLATION.

Starts at 10:00 a.m. on May 25, 2019, proceeds in Third Call, with the presence of 17 members listed in the attendance list is declared the existence of a legal quorum, so the work that is in it develop are valid and legal, as well as the determinations and agreements that are taken. It was informed that Mr. Luis Felipe Santesteban will act as interpreter for the English language for those who do not speak Spanish.

2. AGENDA READING AND APPROVAL.

Mr. Pablo Bravo, President, reads the Agenda:

1. Attendance list, legal declaration of quorum, and assembly installation.
2. Agenda Reading and Approval.
3. Assembly minutes reading and approval, from September 22nd, 2018.
4. Appointment of scrutineers and counting of attendees.
5. Commissaries report, period October 2018 to April 2019.
6. Appointment of one Commissioner, period June 2019 to May 2020.
7. Board activities report, period September 2018 to April 2019.
8. Presentation and approval of the Budget of 2019, by the Treasurer and progress of approved projects in El Descanso.
9. PROMOCASA's report.
10. General matters.
11. Delegate designation, Closure of the Assembly, and take of the Minutes.

Once the Agenda was read, Mr. Pablo Bravo mentions that the approval of the Agenda is put to the vote, taking the following:

AGREEMENT

RESOLVED unanimously by the votes of those present, to approve the Agenda published in the summons that was made for the present Ordinary General Assembly.

3. ASSEMBLY MINUTES READING AND APPROVAL, FROM SEPTEMBER 22nd, 2018.

At this point, Mr. Pablo Bravo Delgado says that the Assembly Minutes dated September 22, 2018 were sent to all associates by e-mail and published on the descansohomes.org website, so he requests the reading dispensation of the Minutes, there being no opposition to the proposal, the contents of the Assembly Minutes are put to the vote taking the following

AGREEMENT

RESOLVED by unanimous vote of those present, the approval of the Assembly Minutes dated September 22, 2018.

4. APPOINTMENT OF SCRUTINEERS AND COUNTING OF ATTENDEES.

The President of the Assembly, Mr. Pablo Bravo Delgado, asks for volunteers to apply for the election of two scrutineers, who, as everyone knows, are in charge of carrying out the vote counting in the cases in which voting takes place. Gets the volunteers Benjamín Flores and Luis Felipe Santesteban.

Once the scrutineers have been appointed, they count the attendees, confirming the attendance of 17 associates.

5. COMMISSARIES REPORT, PERIOD OCTOBER 2018 TO APRIL 2019.

Pablo Bravo and Oscar Cobián, President and Secretary respectively, state that we currently have a commissary, C. Beatriz Beltran, who unfortunately is not present; reason why at this moment there is no one who exposes the commissaries' report.

6. APPOINTMENT OF ONE COMMISSIONER, PERIOD JUNE 2019 TO MAY 2020.

The President of the Assembly asks those present to express their willingness to participate as a Commissary

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in the period from June 2019 to May 2020; Mr. Oscar Guerra Peraza accepted the position. There being no opposition to the proposal, the appointment was put to a vote, taking the following

AGREEMENT

RESOLVED by unanimous vote of those present, Oscar Guerra Peraza is approved as Commissary for the period from June 2019 to May 2020.

7. BOARD ACTIVITIES REPORT, PERIOD SEPTEMBER 2018 TO APRIL 2019.

The members of the Board of Directors expose the activities carried out:

- In 20 months, 30 meetings have been held in the Meeting Room, 3 regular Assemblies, plus 1 Extraordinary Assembly in February 2019 for specific issues of Treasury.
- A problem was detected in the pool; the repair was paid 50% by HOA and 50% by Promocasa.
- The cracks were repaired, new tile was placed and "cool deck" around the pool, jacuzzi and kids pool that keeps the cold surface, this was paid by HOA.
- The bathrooms in the pool area were remodeled
- The electrical connections that caused light leaks in the Recreational Area were corrected, avoiding the disbursement of \$ 50,000 pesos in the electrical rewiring.
- We changed to LED light 8 lamps of the luminaries in Privada Alamo, these illuminate more and consume less energy. The change of lights will be made in all the Privadas in the following weeks.
- In December 2018, the salary of the maintenance personnel was increased. In May 2019 the salary was increased to the guards.
- Uniforms and flashlights were purchased for the guards.
- A shift of 2 guards paid by Promocasa was integrated into the security, the guard in turn will remain in the guardhouse access, registering and reporting the entrances and exits to the HOA Supervisor; the HOA guards will be making their rounds in the perimeter of the Development and interior of the Privadas.
- The Board decided not to spend more on the constant repairs of the golf carts and the motorcycle. Other options and suggestions will be analyzed.
- In March, Promocasa left the telemetry system working (pumping water to the upper tank)
- Once the construction of the club house of Sunset is finished, Promocasa will enable the circuit we had to walk and exercise behind the tennis court
- In July 2019 Promocasa will repair the potholes and place a layer of Slurry on the pavement of Privada Alamo

ASSEMBLY TOPICS:

- The HOA is not responsible for the beehive removal from the owners' backyard. The owner must hire a specialist for the removal when needed at it's own cost.
- The visitors must be in the HOA list (Office's list) in order to have access at the gate. The owner must request the access previously to their arrival.
- The deliveries and entrances of construction materials and personnel are forbidden unless the owner has a previously approved construction permit by the HOA Construction Committee.
- If the property owner builds, remodel or fix the property, they should clean the paint, cement mortar, etc. stains if is dropped on the streets or walkways, if not, the HOA will fine the owner because it damages the overall view of the community.
- Damaged grass and sprinklers must be replaced by the homeowner in case of damages by construction materials and particular employee.
- If the owner has grass or sod in the driveway, he will be responsible for the irrigation and maintenance of it, not the HOA.
- If broken, the plastic tops at the water meter can be replaced by the CESPT (Water Utility). The owner must apply directly at the CESPT offices at Rosarito.

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- Frequently the landscapers hired by the owners leave faucets open and or leaking at the backyards, the HOA is asking the owners to talk to them.
- The trash collection is on Monday and Friday, the trash cans must have a cap attached to the can, please put the trash inside bags and leave the trash cans on the walkway before 7:00 am, once the truck has passed it won't go back. Please mark the trash cans with your house number.
- Property owners must know the HOA rules and regulations, if not, this will not exempt them from fine payments.
- If the property owner pays the HOA fees by deposit through BANAMEX, please send a copy or call the HOA office with the amount, date and branch location, otherwise it won't possible to apply in your account.
- The use of the "Palapas", grills and furniture on the recreation areas need to be reserved prior of use at the HOA office. Events with more than 25 people have a cost which must be paid before the event.
- On July, the HOA will order more access cards, you can order them if needed. The payment is in advance and only cash is accepted. **The Board of Directors reminds attendees that it is prohibited to give access cards to private employees, visitors or tenants.** The use of the cards is exclusively for Owners and the immediate family (parents and children).
Attendees request that everyone be informed that they do not communicate the access codes of the doors to their visitors, with the understanding that security is everyone's responsibility, inviting all owners who, when they observe irregular situations, communicate to the office or the booth for the guards to come to check; insist that the office or the booth be notified to their visitors before their arrival in order to allow them to enter the Development. Another observation is that people who walk their dogs do not have to enter other private than their own.
For the safety of all, the majority of those present request that the number of access cards that can be purchased at home be voted upon by taking the following **AGREEMENT**:
RESOLVE with 13 votes in favor and 4 opposite, as of May 25, 2019, the maximum number of access cards that can be purchased at home is 4 (four).
- The cost and maintenance of the main gate, the electronic bar system, the boulevard and the luminaries are still PROMOCASA's responsibility
The Board are asked to take extreme precautions in the use of the access doors, if they observe someone forcing the access doors or making a bad use, that they report it to the guards, because the repair is very expensive and it is very difficult to get the spare parts because the engines are more than 10 years old, replacing them costs \$ 5,000 dollars approximately.
- The Comodato of the recreational area and the Clubhouse is already signed by Promocasa and Grupo Santana, the document is already in the Notary to make it official, the Comodato is for 99 years.
- The guardhouse access, the system of the bars, the boulevard and its luminaries continue to be the responsibility of Promocasa.

8. PRESENTATION AND APPROVAL OF THE BUDGET OF 2019, BY THE TREASURER AND PROGRESS OF APPROVED PROJECTS IN EL DESCANSO.

The use of the voice is given to the Treasurer Jesús Alberto Pastrana Rodríguez, states that the basis of the information that has been delivered in the folder to all attendees is that presented at the extraordinary Assembly on February 23, 2019. As Estimated Income Budget from February to December 2019 before the increase were \$ 3.8 million pesos; With the increase of 10% approved in February, the Income Budget 2019 projected revenues of \$ 4'146,832.44 million pesos; that is, if we had not approved the increase, we would close the year with a deficit of \$ 247.07 pesos; with the increase projected a balance in favor of \$ 296,832.44 pesos. The income that has been received from February to April is \$ 978,006.67 pesos, the expenses in the

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same period have been \$ 1'102,421.99 pesos. In the Expenditures Budget, a monthly expense of \$ 350,000.00 pesos is projected, equivalent to \$ 3'850,000.00 pesos.

In accounts receivable, indicates that currently there are 5 houses in legal process for the recovery of debts, to this date total \$ 21,654.37 dollars. The Attorney of the Association is following up on 7 homeowners who in the last months have stopped paying their fees on time, which total \$ 5,932.46 dollars. On the remaining 209 houses that regularly pay their fees, it should be mentioned that when the increase was approved as of March, some homeowners took advantage to pay the rest of the year before February 28, this means that it will impact the Budget of income presented in February because there are houses that paid with the previous fee, so that the amount in the income will decrease. The collection is healthy, most pay on time and this allows us to keep everything running. Homeowners are encouraged to continue with their timely payment, which also avoids the 10% late fee charge.

The Projects for 2019 and 2020 were assigned in order of priority. As you can see in the delivered folder, the sum of all the projects totals \$ 850,649.60 pesos, minus 2 canceled projects that were considered not necessary \$ 65,476.02, leaving a total of \$ 785,173.58 pesos. Because the amount of all the projects is high, it is impossible to carry them out in a year, that is why 2019 and 2020 are considered to be executed. Up to this date, \$ 202,294.66 pesos have been paid, including the extraordinary expense of \$ 57,084.60 for the repair of the pool. Taking advantage of the fact that the pool was out of service, it was decided to remodel the pool bathrooms at a cost of \$ 23,223.12 pesos exclusively for materials, the labor was done by the two maintenance supervisors. We have saved \$ 4,359.12 in the search for better budgets and suppliers.

In the case of the payroll, in May the salary of the guards was increased, however, after the increase, \$ 773.34 of the weekly payment have been reduced; this is due to the fact that adjustments were made in the current staff of the guards, now it is 11 elements (one guard less), maintenance is 8 employees (one less) and 2 in administration. He says that the variables in the monthly payment that is reflected in the Balance, is because the months have 4 or 5 weeks. The official non-working days are paid double to the guards; maintenance and administration do not work those days.

The Treasurer says that the homeowners choose one or more of the payment options that HOA has to receive payment of maintenance fees, which are PayPal, credit or debit cards (except American Express), electronic transfer, direct deposit in Banamex, in cash, check in national currency and dollars.

With respect to the financial information of income and expenses that is sent to all owners monthly, the summary as of April 30, 2019 is as follows: In banks there are \$ 975,415.52 pesos, less the reserve fund that should not be touched \$ 414,461.60 (\$ 21,800.00 dollars at the exchange rate of 19.0120), total that is available \$ 560,953.92 pesos April 30, 2019.

After a detailed explanation of the information presented in writing of the income, expenses, remnant, accounts receivable and the presentation of the 2019 Budget, answers were given to the questions of the associates. There being no further questions, is put to the vote being taken as follows:

AGREEMENT:

RESOLVE

A C U E R D O:

SE RESUELVE by unanimity of votes of those present, the 2019 Budget and the progress report of projects approved in El Descanso presented by Treasurer Jesús Alberto Pastrana Rodríguez are approved.

9. PROMOCASA'S REPORT

The representative of Promocasa, Juan Carlos Camacho explains:

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The report received on May 21 due to the lack of water pressure at the Chopo and Ciprés Privadas, irregularities in the operation of the pumps was detected, an expert was asked to review it and Promocasa will take charge until it is left running adequately.

The telephone and internet connection will be made for the guard house # 3.

There was a tour to see the gardening of the boulevard, they are waiting for Jannette to send them a proposal to improve the areas and this is of benefit for the residents. Mr. Pablo Bravo comments that the maintenance of the boulevard is the responsibility of Promocasa, but that they will hire and pay 2 gardeners who will be under the orders of HOA.

Promocasa has a list given by HOA, of the pending in some Privadas.

In July 2019 the potholes will be repaired, and a layer of slurry will be placed in the Private Alamo, it is the only private one that will be repaired.

Slurry will also be applied on the boulevard, but the date has not been defined.

In the case of Islay, Promocasa continues to work with HOA. Mr. Miranda of L-1, says that the process of changing from "street to privada" has not yet begun as promised Promocasa, a letter was sent to Gilberto Jiménez to respond, otherwise the owners will place blankets, await the support of the Association.

Paul Welton represents Pohaku Resort Management, which is a company that is dedicated to the hotel operation and to Voyage, which is a marketer for the project that is being carried out. Work is being done with Promocasa.

The task is to give you an added value and take care of your investment, make it better, working in the best way without affecting your property, respecting the guidelines and regulations that give value to your property. Voyage is responsible for sales, we also offer a program for Descanso Homes and Sunset, so that when you are not occupying your home, we invite you to join our vacation rental program, for more information you can contact Carlos Cardona at the Sunset Sales Office of Promocasa.

10. GENERAL MATTERS.

A-28 Oscar Guerra asks about the paving of Privada Alamo. It was reported in the Board's report that paving is scheduled for July 2019.

11. DELEGATE DESIGNATION, CLOSURE OF THE ASSEMBLY, AND TAKE OF THE MINUTES.

It is resolved by the Assembly that the Manager Jannette Mateos is the delegate in charge of protocolizing the respective Minutes.

At 12:18 hours on May 25, 2019, the President of the Assembly adjourned this General Assembly.

BY THE HOA BOARD,

PABLO BRAVO - PRESIDENT

OSCAR M. COBIAN - SECRETARY

JESUS A. PASTRANA - TREASURER

BY MANAGEMENT OF "DESCANSO HOMES, A.C."

JANNETTE MATEOS