

Agenda for Board of Advisors Meeting
April 4, 2009

- ❖ Present: Rose, Marina, Cyd, Donna, Bob, Chet
- ❖ Not present: Garry, and Dick Paul
- ❖ Copy Cesar and anyone who is working on a special project on all Board Member emails
- ❖ Board expectations: Work together/not against each others
Deal only in facts, do not deal with rumors, innuendos etc.

1. Approval of Minutes of the Board Meeting dated Jan.10, 2009

The minutes have been online on the BBoard. Rose moved, Cyd seconded.

2. Election of Cyd to the board – how to make it official. Appointed by Rose, to be ratified by BBoard Poll

After discussion it was decided that Cyd could be officially certified by shareholders by electronic poll. Marina made the motion to proceed, Bob seconded. Chet will send out an email to all shareholders notifying them of their opportunity to certify Cyd as an Advisory Board member.

3. Review of financials: Income statement and balance sheet (Barbara in lieu of Dick)

a. HSBC closed both the dollar and peso accounts of BdM

-Barb gave an itemized statement to all.

-Balance of \$31,342 transferred to our new BdM dollar acct.

-Peso account: \$8733 (pesos) are being held until we opened a new acct. on April 3rd.

-Can't deposit US checks in a Mexican bank until it has been opened 1 year. After that, no more than the average balance for 4 months.

-How will leases and future payments be handled? Wire transfers:
sender pays their wiring fees, BdM/F will pay fees on their end.

b. BdM/F dollar account: statement show funds divided to reflect division of funds between BdM and BdM/F

c. These statements will be posted online

4. Loan status: payment schedules & cash on hand

a. Shareholders paid up shown

b. Delinquent shareholders shown

c. Partial payers shown

- d. Loan payment strategies: Discussion \$ 24,000 on hand w/ no more assessments we can pay this year's payments and have a balance of \$13,000. Charlotte suggested that we make the 2009 payments immediately in order to take pressure off the corporation for the remainder of the year. Donna said she would consider it, Rose will ask Gene
 - e. Balance Discussion: Rose presented a question about keeping either one or two years payments in reserve in order to avoid additional penalty assessments. It was agreed that BdM will keep one year's payment amount in reserve then reassess in at the end of 2010. Rose made the motion, Chet seconded. Passed unanimously.
5. Discussion: How to motivate non-payers to step up? Can a lease holder not have an assessment? The answer is no: We would not even have Costa Brava w/o the assessments having been paid. To be a lease-holder in this community you must pay for your share of the dirt. Check with Enrique: can we withhold leases from people who have not paid their assessments, refuse to sell water?
6. Late payment penalty charges On loan: after share holders agreed to loans, late payment penalty was added, People paid \$56. Poll results (3/3) and decision Someday we'll pay it back... Motion made by Rose, seconded by Bob: When we have the money in our account people we be refunded the late fee attached to the first payment. Motion passed unanimously
7. Prescriptive rights – Discussion of boundaries, prescriptive rights and the Wolfe's location. Wolfe's request for reimbursement.
-According to Enrique and his interpretation of prescriptive rights: the Wolfe's, Ewings and Rose's property are part of Costa Brava
-Parcel 52 East has a huge lien against it (\$100,000 – by Lee LeRosa. There remain approx 5 more years on the lien. Lienholder must take action annually to keep the lien active and in force. Apparently LaRosa has not done this.)
-Did the prescriptive rights pass to us when we bought Oliver's share? BdM will check this with Enrique for a legal opinion
-The Ferre's definitely have the prescriptive rights
-Discussion of Wolfe's request for refund: It was decided that BdM will not offer to refund the Wolfe's shareholder purchase as BdM believes that their parcel is a part of Costa Brava. Chet will report this to the Wolfes.
8. Property values: Discussions with Miguel – Handout
At January meeting, Chet put out proposals for new and renewal fees for

LRAs. He then met w/ Rafa and Jorge, gave them copies. E-mailed copy to Miguel. Chet received response by phone from Miguel this morning. New prices have been agreed upon for renewals and for new LRA contracts. Chet provided a handout with the agreed upon prices.

9. New LRA pricing: Prices for new LRAs are flat rate with no discounts for shareholders. Rose and Cesar will make certain that Ferre's remember that they only get payments yearly AFTER taxes and expenses are paid.
10. Renewal pricing: Prices for renewals of "Jaime leases" have been negotiated with the Ferre partners. Renewals are offered to existing shareholders at rates significantly discounted from new LRA pricing.
-Motion was made by Rose to accept and officially recognize prices and that they be published to the website. Included in the motion was the provision that any shareholder could renew their LRA at the negotiated renewal rate. The renewal contract must be completed and paid within 60 days of the time that "Gordo" is officially part of the partnership. The motion was seconded by Donna and passed unanimously
11. Non-renewals: If shareholders whose LRAs have expired refuse to renew, or choose to delay renewing their LRAs, then BdM/F will begin legal action with an attorney which could ultimately result in eviction from the property.
12. *Discussion*: How do we generate new LRA agreements?
13. Offer to Enter into a LRA – A document has been created for a party to submit an offer for a LRA to BdM/F. That form is available for download at www.costabravabaja.com.
14. Discussion – Clarification on when "Transfer Fees" apply to a transaction. Transfer fees apply only to a transaction between an existing shareholder for the transfer of an existing LRA to another party.
15. Building permits: Rafa has not yet met with any official. Enrique has stopped his efforts with officials in Ensenada. Cesar and Bob Dixon met with the official in San Quintin and was told that no permits will be issued. If building proceeds with out a permit, a fine will be imposed upon the builder.
16. Status of LRA's after Gordo signs BdM/Ferre agreement: It will take approximately 2 months for the partnership agreement to be rewritten to include "Gordo".
17. Official start date for contracts: Decision recommendation: All new comodatos will have a beginning contract date of June 16th 2008 and will extend for 50 years from that time. For LRAs which are replacing "Jaime" leases with a remaining term, the effective beginning date of the LRA will be June 16th 2008 and the ending date will match the date of the "Jaime" lease (extending for the period of time that would have remained if the

Jaime lease were still valid). This motion was made by Rose and seconded by Marina. The motion passed unanimously.

18. New Proxy policy: Issue specific per instructions from Jan. meeting. New proxies written specifically for extraordinary meeting will be posted on the website. Proxies will be very specific so that people can ✓ what they want.

14. Community issues

- a. Enforcement of community guidelines

Discussion: How do we deal with those who ignore our guidelines? Suggestions which were discussed: Letters from BdM with a time period by which to respond or correct. Impose a fine on the offender, refuse to grant permits or transfers until cured.

Do we want to repoll the community to see if the guidelines are still acceptable? Do we want to accept modular or mobile homes if we can't get permits? We will pose these questions on the BBoard and see who responds and what the suggestions are.

- b. Donna made a motion that we incorporate the guidelines in each LRA making sure that the LRA contains a component that allows BdM to levy fines against those who ignore the guidelines. Also allowing BdM to terminate the lease of any offender who does not remedy the offense by a certain time period. Rose seconded the motion. Passed unanimously.

- c. "Right" of 1st Refusal: Do we want a policy? If yes, two alternatives what terms & conditions? Two alternative policies were presented and discussed. It was decided that BdM/F is not interested in granting first refusal rights on any parcel. Decided by consensus

- d. Information about recent renewals w/ Enrique by members whose LRA's have expired. This topic was covered earlier. No further discussion was needed.

- e. Boundary dispute (Russ/Barbara) – The board decided to adjourn to the location. Both parties agreed to abide by the decisions made by board members. Agreements were reached after discussion and a written agreement document was written to memorialize the decisions made. Both parties agreed to review and sign the document.

15. The meeting was adjourned.

Minutes submitted by Chet Warfel - April 10, 2009