

July 11, 2009 Board Meeting Minutes

Advisory Board members present were: Chet, Cyd, Chet, Garry, and Marina

Advisory Board members absent were: Dick, Bob and Donna

Shareholders present were Juana, Barb, Becky, Ron McDearmon, Al Thomas, Ron Soper)

Rose, sole administrator opened the meeting shortly after 10:00 AM

1. Updates:

A. Approval of previous meeting minutes

Marina/Rose – approved by all present

Donna notified the group by email that she did not approve of the minutes

B. Financial

1) Bank Balances: Balance amounts from Bravo del Mar and Bravo del Mar Ferre were read to those present by Barbara Dahl (presenting in lieu of Dick Paul)

(For exact balances please refer to the Bravo del Mar Bulletin Board/Forum)

2) Assessments

a) June 30th: Willie paid his assessment \$5,422....

b) there are 5 households still owing assessments in full (ie principle & interest): Gastons, Southerland, Sicilia, Finier, Wolfes

i. Sicilia and Gastons will pay when their homes sell.

ii. Finier has made arrangements to pay later this year.

iii. Garry has sent his assessment to Dick Paul

iv. Wolfes have not made their payments, responded to emails or made any arrangements to make payments. Their comodato will not be available to them nor will a LRA be available to anyone they sell their home to until and unless the assessment is paid in full.

c) There are 7 households that initiated a payment plan–

Juana and Louie Guitierrez, Dixons, McWhinney and Ron Soper have made their payments faithfully. Since they are members in good standing, they will receive their new LRAs or Commodatos.

ii. *Greg Billings, Barb Bennett and Ressers have not kept up with their selected payment schedule and will not be eligible for new LRAs or Comodatos unless their accounts are brought current.*

3) *Loan payments All payments for 2009 have been paid to Donna and Jean*

4) *Accounts payable in 2009*

a) *Cesar is owed \$2400*

b) *The cost of the re-evaluation of the Corporation is estimated to be \$5000 (When we purchased a 40% share in the property at Costa Brava from the Olivers it was on the condition that the sale price not be reported in full. As a result, the Corporation's assets are undervalued and BdM could be open to prosecution. Therefore it has been decided to reevaluate the Corporation to reflect it's true value. See General Meeting minutes for Jan. 5, 2009 – posted on the Bulletin Board for more information.)*

c) *Warfels are owed \$8500*

5) *Accounts receivable: BdM/F owes BdM: \$12,000 for the survey, fencing notary fees*

C. *Building permits: Highest priority, we have support of local politicians and the process is moving forward*

D. *Agreements –*

1) *Crouch / Willie/ Ferres Willie bought Bob Crouche's corporation (house on the hill, spec house and ≈ 10 acres at beach) As noted above, he has paid the assessment on the spec. house and will be purchasing a LRA from Bravo del Mar / Ferre*

2) *Gaston / Ferres*

a) *Agreements between the Ferres and Gastons have been reached on both houses. Back debts to Ferres and BdM/F. have all been accounted for.*

b) *Ferres have taken possession of Casita and it is for sale. An offer has already been received on this Casita*

c) *Gastons house is for sale (estimated) \$350,000 and will be sold with the membership & assessment paid for as well as a 20-year LRA.*

E. *Update on BdM/F - Netza status: 60 day count-down for low-cost renewals for Charter*

members only began on July 7 and ends on Sept. 4th. All members have been notified of the beginning and ending dates. To take advantage of these rates, charter members must pay for their leases in full on or before September 4th to qualify for this rate. There will be no extensions or installment payments granted by the Ferres.

Statement from Rose:

PLEASE BE AWARE THAT ALL EXISTING 5-YEAR AGREEMENTS ARE NOW NULL AND VOID. NEW LAND RENTAL AGREEMENTS OR COMODATOS ARE REQUIRED OF ALL SHAREHOLDERS.

1) Procedure for new LRA/Comodato

a) First priority will be given to shareholders with short- term or already expired agreements who may wish to renew/extend their leases. Forms have been sent out (and will be sent out again) for corporation members who may wish to renew or extend their leases.

b) Please use the form to notify the corporation that you will be renewing/extending your lease so that Enrique can have your lease prepared for you with the accurate term listed.

c.) Money should be wired directly to the Bravo del Mar/Ferre bank account. Contact Rose Burr for the details of how to complete your financial transaction.

d) Call and make an appt. w/ Enrique

e) Enrique will take care of registering all leases with the property registration office but everyone will pay their own recording fee. (As soon as we know what the fee will amount to, all shareholders will be notified.)

F. Cyd's Status - Only 11 people voted so a quorum was not met. Chet will send out another email stressing the importance of all shareholders voting.

2. Revisit our community guidelines before leases are issued:

A. Guidelines can only be enforced if they are attached to the leases and the leases are made contingent upon the lessee abiding by them. *Many of the Guidelines as adopted in Jan. 2008 are too vague to be enforced. Therefore, the original guidelines and possible clarifications were discussed.*

Important: No new guidelines were created.

- One of the original guidelines (#4) was restated as 3 individual guidelines to provide clarity.
- Two originals (#7 & 8) were combined in response to new information regarding building permits.

(Previous minutes were referred to as a point of reference: shareholders are in agreement that Guidelines need to be enforceable by either fines and/or cancellation of the LRA. Recent community events have shown that ‘peer pressure’, as was suggested at the March 8th meeting, will not be sufficient to ensure that Guidelines are followed.

- The attendees worked through the proposed clarifications of the original Guidelines. These clarified Guidelines will be attached to the new LRAs/Commodaods and signed when new the LRAs/Commodatos are signed so that they are enforceable.

- The clarified Guidelines will be posted on the community Bulletin Board.

B. Discussions of Clarifications

- 1) Guidelines as accepted by membership (1/5/08), and,
- 2) Proposed clarifications of Guidelines

C. Building Permit Committee *As referenced in the minutes from previous meetings, a Building Permit Committee needs to be formed to ensure that Guidelines are being followed. Several attendees volunteered and more would be welcome. If you are interested, please contact Becky Warfel at: blwarfel@gmail.com*

3. Current Issues

A. Our legal responsibility to our partners - Discussion

We are the managing partner and can conduct business w/o consulting the Ferres. But we must treat their interests in a manner consistent with “generally accepted business behaviors and practices”. (“En Fey”: you are going to take care of me as you take care of yourself. - Juana)

If the Ferres feel that their interests are not being protected, they can apply to the courts for dissolution of the partnership. If the dissolution is granted, the entire property –

including individual homes - would be appraised at the request of the court. At that point, each Ferre, would be allowed to select the 8% of the property they desire: this could include shareholder's homes.

Recognizing this, it is important that every accepted deal be able to withstand the scrutiny of the courts: No special deals for charter members- and no rumors of special deals.

B. Responsibility to pay off Marta loan.

Renewals and new LRAs need to be used to pay off the loans ASAP

C. Letter from Dick Paul to delinquent shareholders.

Content reviewed: New agreements will not be issued to shareholders who have an unresolved indebtedness to Bravo del Mar.

D. Kelly lot, Van Deaver lot & Primera Casa – any value assigned to improvements?

Marina made the motion that there is no value to any improvements (in fact some buildings may be a detriment to the values of the lot(s)). Lots should be sold for land value only.

Motion was seconded by Rose. Passed 3 – 0 with one abstain.

Ferre's should also be consulted.

E. Letters from Al Thomas.

1) *Does the Board authorize Al to spend up to \$200 to clean up the Kelly lot?*

a) Ron Soper gave Al \$200 cash to begin and & asked that he be reimbursed by Al when he was reimbursed by BdM.

• Garry moved, second by Cyd: Passed 3 aye and 1 no: Yes and to reimburse Al for out of pocket expenses not to exceed \$200.

b) Mario provided a bid of no more than 1500 pesos to clean up the lot and carry away all debris. It was decided that the Board will pay Mario directly.

2) *Al's request for how offers should be handled:*

His summary: "We all, as charter members, should have the opportunity to lease properties that are being considered by outsiders". "It allows for competitive bidding."

Question: How does it differ from a “right of first refusal”?

This was already voted down on 4/4/09. Matter tabled.

Juana suggested that it would a lot less trouble for Rose and Board members if shareholders just went ahead and purchased LRAs on lots they are interested in rather than waiting for someone else to make an offer first.

F. Offers: Procedures for review of offers received.

1) Backup offers accepted? Yes.

a) If we get a full-price offer, and it falls out, the backup offer will be considered assuming a deposit is forthcoming.

b) When offers are made, shareholders will be notified via the Bulletin Board.

c) If the offer is a full price offer, the notice on the Bulletin Board will say so.

2) Only full price offers will be automatically accepted by Rose.

a) After negotiations are completed and when Rose feels the best deal possible has been reached, the offer will then be submitted to the Ferres for their approval/disapproval.

3) Rose is requesting volunteers for an “Offer/review committee”. Volunteers can be any shareholder.

a) Responsibilities include;

Assistance in negotiating, framing counteroffers etc.

Absolute discretion is required. All negotiations are confidential.

G. Installment purchases

1) Chet: good business practice is to allow installments. Brings in initial cash and gives BdM the asset of receivables.

2) Proposed contract criteria:

a) Lease payments must always be made in advance.

b) Leases longer than 10 years, must be paid in full within 9 years, 11 months and 28 days

c) In case of default, purchaser forfeits all monies paid as well as any improvements.

d) Memberships will not be financed.

e) Ferres will not participate in installment payments. Therefore the initial payment MUST

include the 40% share due to the Ferres.

• *Motion by Chet, seconded by Rose: We accept installment purchases and allow payment plans with payments not to exceed 9 yrs, 11 mos. and 28 days at an interest rate of no less than 10%. Passed unanimously.*

3) Chet was asked to send a letter to all shareholders asking their opinion on the Board's recommendation.

H. Interest rates for payment plans on LRA *Not less than 10% - the amount the Corporation is being charged.*

4. Community Projects

A. Rose posed the following question to the Advisory board members present:

"What responsibility does BdM have for community projects?" Answers included:

1) Administrative: Marketing, banking, obtaining permits, responsibility to the partnership etc.

2) The Advisory Board is responsible to the community.

3) The Board advises Rose but the community votes on the rules/regulations.

4) Garry: Ferres are responsible for bringing the infrastructure up to par and the community is responsible for maintenance.

5) Can the Advisory Board take responsibility for something the membership did not put in the budget? No more than \$1000.

B. If responsible for community projects: How are projects chosen and prioritized?

1. Kelly lot, trash, road maintenance, Brisas del Mar culvert/grate, community pila etc. etc.

C. How are projects to be paid for?

1) General membership can vote for a special projects and determine how much money will be spent and where the money will come from (existing funds or a special assessment for example) for a to cover the costs.

2) Road maintenance:

a) Water Club: *Would it be possible for the Water Club to collect for road maintenance? (Rational: not everyone who uses the roads, for example, is a corporation member.*

Therefore, they do not contribute to the road maintenance.)

- *Motion by Chet, seconded by Rose: Ask water club to add \$10/billing cycle: Passed unanimously*

Garry offered to advance BdM the \$310 short fall for a pending job by the Ferre's. (They are going to do some road work for \$500 and Barbara has only been able to collect \$190 from the community.) The Water Club would be reimbursed by the fees collected by the Water Club.

b) Talk to the rock company about not using this road. It is posted 'no trespassing' let's enforce it by asking Fermine to ask them to stop using it or to begin paying \$100 monthly toward the road maintenance.

3) Fermine had told a number of the attendees that his new truck is thanks to the water Club. This resulted in numerous questions being posed to Garry regarding the Water Club finances:

a) When are the meetings held? Who is invited? How are people notified?

b) Water club expenses and accountability:

i. Regular expenses: 8,000/pesos/month is paid to Fermine to supply water and have the trash collected. Fermine subcontracts this job)

ii. \$10,000 held in reserve for emergencies

c) Why was Fermine given \$3000 for a down payment on a new truck out of the money collected by the water club? Why were residents not notified and given a vote?

Answer: our agreement calls for maintenance on his vehicle.

d) Why did the water club pay \$5000 for a well permit that was then registered in Fermine's name? Has the money ever been reimbursed to the water club/residents?

Answer: No.

e) Is all the money collected from residents due to the Ferres?

i. Our agreement with the Ferres, when the Bravo del Mar/Ferre partnership was formed, stipulates that they supply water to the community.

ii. The Water Club was formed when Fermine had trouble collecting from residents. The

Water Club was formed to assist him in collecting the money due him. He is not an employee – the club collects money and gives him an amount to pay him according to the contract agreement.

f) The consensus was that the community at large should determine how extra money used is allocated.

g) Attendees expressed a desire for more information and more accountability from the Water Club Board.

5. Meetings

A. Reschedule October meeting *October 17th*

B. Schedule Extraordinary meeting *October 17th*

1) Re-evaluation of BdM

2) Membership types

3) Transfer of memberships