

MINUTES OF THE GENERAL ASSEMBLY MEETING
for the members of the **Asociaciòn de Colonos del Fraccionamiento Chula Vista de Chapala A.C.** held at the hotel Villa Montecarlo, located in Villa Hidalgo #296 in Chapala, Jalisco on
January 27, 2018.

AGENDA

1. Call to order.
2. Appointment of the Chairperson, the Secretary and Parliamentarian of the Meeting
3. Appointment of Polling Officers.
4. Reading of the Minutes from the 2017 General Assembly Meeting.
5. Introduction of the Board of Directors.
6. Presentation of the President's Report.
7. Presentation of the Treasurer's Report and the proposed 2018 Budget.
8. Comisario's Report.
9. Amendment to Rules & Regulations.
10. Election of the new Board of Directors for 2018.
11. Election of Alternate Directors.
12. Election of the Comisario
13. Granting of Powers to the 2018 Board of Directors.
14. Announcement of the Officers selected by the 2018 Board of Directors.
15. Designation of the delegate to formalize the Minutes of the Meeting into a public deed before the Public Notary.
16. Adjournment.

1. Call to Order

President Sandra Marie Carman called the meeting to order at 10:10a.m. A quorum was not present; the meeting was adjourned at 10:11a.m.

The meeting was reconvened at 10:33a.m. There were 32 members present and 29 powers of attorney present for a total of 61 votes, approximately 17% percent of Active members. All members present signed the Registration form.

Members Present:

Beatriz Gonzalez Velazquez, Theodore Maynard Heesch, Roberto Fernandez, Ian Davidson Lambert, David Bruce Salyers, Stanley Wayne Rawson, Dean J. Hanson, Maria Regina Torres Garcia, Thomas Arthur McCleneghan, Louise A. Morel, Wendy Louise Penner, Victor Manuel Gonzalez y Lopez, Joe Alex deLeon, Maria del Carmen Gomez Mont Avalos, Ann Beelman Knowlton, Barbara Sherritt, Kenneth Reppen, Maria Elena Mendoza, George Radford, Roy Schwartzenburg, Martha Nusgen, Maria Elena Mendoza, Dorothy McInnis, Gaye Brown, Michael Joseph Kavanaugh, Gerard George Thompson, Jane Holdren, Kenneth Pasanen, Kenneth Stroud, Wolfgang Ludwig, Ma. Cristina Gonzalez de Garcia, Keith Russell, Isabel Zakrzewski.

Members Represented by power of attorney:

Karen Elaine Doyle, Thomas Richard Workman, Mark Randall Boyer, Joyce Dible, Belva Darlene McIrvin de Velazquez, Marvin Anton Golden, Margot Wojciechowski, Janice Edith Galbraith Ritchie, Gwendoline Frances Grant, Jonathan Swindle, Werner Zuercher, Howard Malis, Emily Raskin Perey, Maricela Hernandez, Gary Blauer, Michael Joseph Lemmo, Alberto Garcia Chavez, John Young, Paul Hood, Joanne Bell Roe, Cecilia Margarett Walters, Robert Lee Hoch, Robert James Gagnon, Arthur Martens, Jorge Angel Santana, Richard Feldman, Yolanda T. Madden, Michael Shea, Gilbert Toomer

2. Appointment of the Chairperson, the Secretary and Parliamentarian of the Meeting

Chair: President Sandra Marie Carman
Secretary: Christine Ann L'Ecluse
Parliamentarian: Louise Andree Morel
Translator: Maria del Carmen Nelson Villareal

3. Appointment of Polling Officers

It is with great appreciation and thanks that the following volunteers were appointed as Polling Officers: Laurette Russell, Dean Hanson, Lynn Hanson, Marina Regina Torres, Roy Schwartzenburg, and Michael Kavanaugh.

4. Reading of the Minutes from the 2017 General Assembly Meeting

The AGM Chair, President Sandra Marie Carman, noted that the Minutes of the 2017 General Meeting have been posted on the Chula Vista website through all of 2017 and that several copies of the Minutes were available in the meeting hall. There were no requests that the 2017 Minutes be read. It was moved by George Radford and seconded by Ann Knowlton to dispense with the reading of the Minutes and to formally approve the Minutes as formalized into a public deed before the Public Notary in February 2017.

5. Introduction of the 2017 Board of Directors

President: Sandra Marie Carman
Vice President: Michael Joseph Lemmo (absent)
Treasurer: Ian Davidson Lambert
Secretary: Christine Ann L'Ecluse
Directors: Victor Manuel Gonzalez y Lopez
Michael Joseph Kavanaugh
Alternate Directors: Joe Alex de Leon
Karen Elaine Doyle (absent)
Ann Beelman Knowlton
Louise Andree Morel
Comisario: Cathleen Regan Countryman (absent)

6. Presentation of the President's Report

AGM Chair, Sandra Marie Carman, noted that the President's Report was included in the AGM packet for review by the members. She highlighted a few points: She thanked the Board for its support. She noted that Board member Mitchell Perey had recently passed

away and that as a Board member and a community volunteer, Mitchell had worked energetically for the betterment of Chula Vista. She also reiterated the three goals set by the Board: enforce Chula Vista's rules and fines, protect the water systems, and carefully manage the community's finances.

Other 2017 actions were highlighted:

- **Enrique Velazquez Labor Court case.** This case was settled for an amount two-thirds less than the amount stated in the court's order. While not happy about the settlement, the Board felt it was in the best interests of the community.
- **Julio Blanco lawsuit.** The legal suit against the 2013 actions of a rogue group of elected Board members and Chapala Notary #3 by Julio Blanco was ruled in Julio's favor. The Minutes that the rogue group had registered were declared null and void. This victory will help end some of the frivolous lawsuits brought against Chula Vista.
- **Chapala attempt to take over services.** Chula Vista attorney Lic. John William Brennan Bourdon obtained a suspension from a federal judge to prevent the takeover of our public services, especially our water, by the Municipality of Chapala.
- **Fiber optic internet service.** ILOX, a new internet provider, reported that it has received sufficient interest from Lakeside residents willing to prepay a year's service for it to distribute formal contracts to them in preparation for beginning installation; all funds paid will be returned if the project is not completed.
- **Improved service from Telmex.** Four years of effort by the Board has resulted in a commitment from a high-level Telmex executive that Telmex will provide our colonos with a power booster box that would deliver a minimum of 10 mgs throughout Chula Vista. We are awaiting receipt of a contract to that effect, which we will have our legal counsel review.

President's Report for the January 27, 2018 Annual General Meeting of the Asociaciòn de Colonos del Fraccionamiento Chula Vista de Chapala A.C

PRESIDENT'S REPORT 2017

To all my neighbors,

As the end approaches of my term as President of the Board of Directors, I want you to know that your Board, and the dedicated volunteers who helped us throughout the year, have worked diligently to assure that our community continues to be a wonderful place to live. Not all of our endeavors ended as we had hoped, but in every case, we chose to protect our community and our Association members. This was often hard work, but important work. Please read the reports that are included in this packet. In this letter, I will share information that does not appear in those reports.

As in previous years, your Board focused on three areas: Enforcing Chula Vista's rules and fines, protecting our water system, and carefully managing CV resources.

Enforcing Chula Vista's rules and penalties

We have worked hard to enforce Chula Vista's rules. Last year, we were able to get rid of an unlicensed drug rehab clinic renting in our community. This year, we served notice to those community members who refused to pay their fair share of our community

expenses. Under the second year of admirable leadership by Treasurer Ian Lambert, Chula Vista pursued more aggressive collection procedures throughout the year. The results are impressive and many homeowners have brought their accounts up-to-date or have committed to doing so. Those who still have not paid are being subjected to further actions: dribbling or completely cutting off water, the elimination of garbage pick-up, followed by appropriate fines. Please read the Treasurer's Report for more details.

And, in a related matter, the Board has addressed the group of property owners who had declared for several years that they were no longer members of the Chula Vista Association, refusing to pay their fees and interfering with our water system. It is not, in fact, legally possible to separate Chula Vista property ownership from membership in our Association. Eventually, the consequences of such action become extremely inconvenient. I can report that now only Paul East Raza, the same person who has filed many costly and frivolous lawsuits against our community, is still conveniently claiming he is not a member of our Association (and for only some properties he claims to own).

Protecting our water system

Chapala notice delivered on September 5, 2017

This September, a threat to our water system came from the Chapala municipal government. The Ayuntamiento delivered a letter to our Association Office that demanded, within five days, copies of several documents related to the administration and concession of public services we provide you and your neighbors. Several other A.C.'s and Condominiums received the same demand, which came with the threat that if we failed to comply, the Ayuntamiento was considering taking control of all public services managed by Chula Vista.

Recognizing that this was a serious threat to try to take control of our water supply, distribution system and our water concession, we complied and delivered the requested documents. We also prepared and presented an Amparo to prevent the municipality from moving forward with its plan or performing any act of disturbance against Chula Vista. We also asked for a suspension, which was provided by a Federal Judge. We intend the suspension to remain active while the lengthy Amparo procedure is underway. The process will likely take more than a year, and by that time, a municipal election will have taken place and a new Administration will be in office in Chapala.

Several Fraccionamientos and Condominios have had actions taken against them by the current Chapala administration.

A threat from an Association member

At about the same time, the Board was forced to protect Chula Vista from a threat from an Association member. In the course of his Labor Court case against Chula Vista, lawyers for Enrique Velazquez placed a lien on Chula Vista assets. Ultimately, it was this lien and its power over our water system that compelled the Board to reach an out-of-court-settlement with Sr. Velazquez to avoid being in a situation where he and his lawyers, the same firm used by Paul Raza in his actions against Chula Vista and where his wife Alma Chavez works, could disrupt our daily lives. Our actions did not achieve justice for our community, but they did preserve an irreplaceable asset.

A new community rule to conserve our water

At the 2018 AGM, you will be asked to vote to approve a new community rule that aims to promote water conservation. The Chula Vista Board and our Water Commissioner ask for your support in prohibiting the filling of empty pools with Chula Vista water. You will still be allowed to top off a pool with Chula Vista water, but new or remodeled pools will have to be filled by hiring a firm to deliver water. Please read the Amendment report in this packet for more information.

Carefully manage all our resources

As I said last year, our "lights on" budgets of the past several years have kept our purse strings tightly closed. But we can assure you that we are committed to properly maintaining all our systems and equipment to make the best use possible of our resources. A bright spot has been the continuing refreshing of the Chula Vista Office. Years of paper records have been sorted and trimmed down, greatly improving our organization and the work environment. Jose A. Milan, who joined the office staff in December last year on a three-month trial basis, has become a permanent employee and an essential part of our team. He came to us already knowing Chula Vista's accounting and computer systems, completed a smooth transition, and his willingness to tackle long overlooked projects has been a delight to behold.

Legal actions undertaken to protect Chula Vista in 2017.

Association members have said that they want to be appropriately informed of costly legal actions and any threats to the sovereignty of our neighborhood. Here are highlights:

-- A year ago, I told you that employees of the current Chapala government's Department of Urban Planning and other workers took down and carted away 200 meters of our chain-link fence that had provided Lower Chula Vista essential security along Prolong Del Monte since 2007. At that time, we believed that the owners of the properties adjacent to that fence wanted it removed in order to access their empty land from Lower Chula Vista. Clearly, they had Chapala assistance in taking our fence away, and may still intend to use the streets between the Carretera and Prolong Del Monte to deliver trucks, material and people to build and sell houses on the land west of Chula Vista. To date, no activity has occurred at that site and our legal efforts to learn who gave the order to remove the fence have not succeeded. Future Boards will have to continue this fight to protect our community.

-- The Board informed you by email that on August 30, 2017, the Board reached an out-of-court settlement of the 2016 Labor Court judgment (which had grown to \$648,500 pesos by this summer) for \$228,000 pesos. While the Board did not accept the Labor Court's decision that Enrique Velazquez, an Association member, had been both properly hired with documents signed by Richard Joseph Feldmann (Co-plaintiff of Paul Raza in the frivolous suit against our association file 713/2015) and then improperly fired from the position of Administrator of the Chula Vista Office in 2013 after working less than one month. However, we reluctantly decided to settle the four-year lawsuit after the

consequences of delaying were made clear to us. We decided not to assume the additional cost of defending Chula Vista against a lien on our communal property that had been obtained by the plaintiff's law firm Ricon Salas, which is the same firm used by Raza and is where his wife works, a sign that the case could introduce uncertainty to our lives and drag on for years to come.

We made safeguarding Chula Vista's wells, tanks, distribution system, office and green areas our top priority. It was neither pleasant nor comfortable to make this decision, especially when the Board's collective conscience urged us to keep fighting. Although our lawyer negotiated a significant reduction in the amount of the settlement, we greatly regret that we have not been able to provide justice for our community.

-- Julio Blanco Polanco vs. Asociación de Colonos del Fraccionamiento Chula Vista de Chapala, A.C., Notary#3 in Chapala and the Public Registry Office. 2nd Civil Court in Chapala 71/2015. This case is

to nullify the fake minutes that Paul Raza and Richard Joseph Feldmann protocolized when they tried to remove Michael Kavanaugh from his elected position.

In 2013, a rogue group of elected Board members, headed by Comisario Raza and Director Feldmann, repeatedly met in secret and in contravention of Chula Vista By-laws. Among their illegal actions was the supposed removal of President Michael Kavanaugh from his position on the Board, protocolizing this fraudulent Board Meeting minutes and the improper hiring of Enrique Velazquez as an office worker. The case moved slowly through the courts and virtually stopped when it experienced several "mysterious" misplacement of documents.

On November 8, 2017, the Judge issued the final Judgment in this case, declaring null and void the public document (fake 2013 Board of Director meeting minutes) that was illegally protocolized (formally registered) and which supposedly removed Michael Kavanaugh as President of Chula Vista. The Judge ordered the document to be removed from the Public Registry Office and the Notary's protocol book. This judgment can be appealed and we expect Raza's legal team will try and attack it, but the decision is still good news: It sets grounds to destroy the foundation of many frivolous lawsuits against Chula Vista. We have obtained certified copies of the Judgment and have already presented them at the Civil Case at the 4th Civil Court in Guadalajara docket number 713/2015 in order to have this document considered by the Judge when issuing his final Judgment.

-- **Paul East Raza & Richard Joseph Feldmann vs. Asociación de Colonos del Fraccionamiento Chula Vista de Chapala, A.C, Michael Kavanaugh, Jorge Angel Santana & Julio Blanco. 713/2015 (previously 1383/2013)**

This civil case was presented in 2013 by Paul Raza and Richard Joseph Feldmann against our Association and past board members, and demanded control of Chula Vista's administration. They claimed that then- President Michael Kavanaugh had been removed from his position by the Board, and used as evidence of this, the fraudulent protocolized minutes of Board of Directors meetings they had held secretly and illegally.

We are in the last stages of the case: There are no more evidence hearings to be held, and we presented an extemporary peremptory exception to the case based on the "Julio

Judgment" recently issued in Law Suit 71/2015, which resolved to nullify the illegal Board Minutes that Paul Raza and Joseph Feldmann protocolized before Notary#3 of Chapala. It is important to note that the motion was admitted by the Judge, which means the plaintiff's case is dead on its grounds as they were basing their entire suit and action on the Board minutes that now have been nullified. We expect to have a resolution in the first instance of this case in the first or second quarter of 2018.

**--- MINISTERIO PUBLICO IN CHAPALA, JALISCO. AVERIGUACIÓN PREVIA 3293/2013
Criminal Charges against Michael Kavanaugh & Carlos Hernández Del Toro,
presented by Paul Raza, for the supposed illegal dispossession of the Adminstration
Offices of Chula Vista.**

This criminal case began in Chapala in 2013 and has been greatly delayed. It was sent to the courts in Ocatlan and returned to Chapala last year, was sent to a judge in November 2016 but was delayed again to invoke the conciliation process. In September, 2017, Sr. Raza presented a motion asking for several witnesses to be called to the Ministerio Publico office to testify about what they remember happening back in 2013 when all of this transpired. These people are Michael Kavanaugh, Carlos Hernández del Toro, Maria Lucia Fernández de la Torre, Marcela Hernández Buenrostro, Eliberto Velazquez de Anda, Roy Schwartzenberg, Wendy Louise Penner, Penny White, Robert Lee Hoch, Jorge Santana, Joe Alex de Leon and Ann Beelman Knowlton. Citations were handed out to several of the above mentioned people; some never received the citation, some others one day before they were supposed to appear, some after their set date. The only person who appeared before the Ministerio Publico to give his statement was Robert Lee Hoch, who stated through his interpreter that he did not remember what happened back in 2013, that he served as president for two months and then resigned, that he wanted nothing to do with either group and asked to be left alone.

However in early December, we presented to the Ministerio Publico in charge of this investigation the certified copies of the Judgment issued on the Julio Blanco case, as it destroys the whole foundation upon which the criminal charges are based: that Michael Kavanaugh and Lic. Del Toro illegally dispossessed Paul Raza and Joseph Feldmann of the offices of Chula Vista, when (supposedly) Michael Kavanaugh had been removed as President of Chula Vista. The Judgment in the Julio Blanco case eliminates any claim or indication whatsoever that Michael Kavanaugh dispossessed anyone of the Chula Vista office as he never stopped being the President of the Board. We anticipate that after we present this document, the criminal investigation will be dropped and the case archived.

-- Paul East Raza Vs. Asociación De Colonos De Fraccionamiento Chula Vista De Chapala, A.C. as the Responsible Authority. 2303/2016. In this case, Raza is objecting to the modifications to the By-laws and Rules & Regulations that were approved at the 2016 AGM.

A provisional suspension was granted to Paul Raza. The case was sent to an auxiliary amparo court in Guerrero, in order for them to issue the correspondent sentence. On July 19th, 2017, the Judgment on this Amparo was issued, denying the Amparo that Paul Raza requested, which claimed that Chula Vista did not have the authority to modify its By-laws and Rules & Regs. His Amparo was thrown out (Sobresimiento).

Paul Raza presented a Revision against this decision, which was sent to the Superior Federal Court and is currently being reviewed there under revision 657/2017. No ruling has been issued on the revision at the date this report is being made. We expect to have a ruling by the first quarter of 2018, when courts resume after their Christmas break.

Jose Alfredo Jímenez Espiritu Vs. Asociación De Colonos De Fraccionamiento Chula Vista de Chapala, A.C. as the Responsible Authority. 754/2016 This case is against the suspension of the water service at C. de Poniente 52 for lack of payment.

Sr. Jimenez Espiritu is a lawyer in the Ricon Salas firm, which represents Paul Raza. The property owner, Inga Hubbs, died many years ago without a Mexican will. In recent years, her heirs tried to claim the property but made no progress after hiring lawyers suggested by Paul Raza and Richard Feldmann. Paul Raza has been attempting to establish ownership of the property; he has not paid the property's outstanding fees so the Association cut off the property's water.

In response to Jimenez's suit, we offered evidence to the Amparo court, proving that Chula Vista owns the water Concession, wells and infrastructure that provides water, and that all members or residents have to pay for all of the services they receive based on the costs incurred by Chula Vista among other allegations.

On November 13, 2017, the Federal District Judge denied Jímenez 's Amparo request, saying that he did not prove he had sufficient capacity or legitimacy to request the Amparo. A Revision has been formally filed by Jimenez Espiritu.

-- Paul East Raza vs. Asociación de Colonos del Fraccionamiento Chula Vista de Chapala, A.C. 520/2015 (previously 213/2014) His intent is to nullify the 2014 AGM.

A ruling was issued on February 14th, 2017 that was found against Paul Raza, because none of his lawyers had acted on the case in 180 days. Paul Raza's lawyers appealed this decision, but it was ruled against them and reconfirmed the original ruling. The Rincon Salas lawyers then asked for an amparo.

The Federal Court denied the amparo request, which means this case is concluded in favor of Chula Vista. The file will be sent from the Appeals Court back to the 8th Civil Court, at which time we will present a motion in order to demand Paul Raza pay for court expenses and fees.

As you may have concluded in reading these legal details, "It is always something in Chula Vista." And it is also something much like an adventure, as a Board member recently pointed out.

In conclusion, this dedicated and talented Board has spent its 12 months working vigorously in the interests of our Chula Vista neighbors and friends and all our residents, in accordance with our mission statement: "*Chula Vista is committed to creating a positive climate for constructively and cost-effectively improving areas of community priority that further establish Chula Vista as the premiere neighborhood at Lakeside. Since 'We are all*

Chula Vista,' we believe we can successfully accomplish our mission by creating a great community together."

Sincerely,

**Sandra Marie Carman
President.**

There being no questions asked about the overview of the year as outlined in the President's Report, a motion was made by Wendy Penner and seconded by Hortensia Amsbury that the President's Report be approved. A vote by a show of hands was taken and the motion passed. There were no opposing votes.

7. Presentation of the Treasurer's Report and the proposed 2018 Budget

Treasurer Ian Davidson Lambert presented his report to the meeting. He noted a number of items:

- Although inflation in Mexico is said to be 6.63%, the fees in Chula Vista are budgeted to increase 3% for maintenance and 7% for water.
- We are lucky to have our outside workers who are available to work on problems and emergencies 7 days per week.
- Our legal costs are budgeted at \$336,000 pesos. Some of these costs will be produced by trying to increase our water concession, defending our services from takeover by Chapala, dealing with frivolous lawsuits.
- \$100,000 pesos budgeted for improved internet infrastructure.
- Some owners still do not pay their association fees. Ian is working diligently to collect the unpaid amounts.

Treasurer's Report for the January 27, 2018 Annual General Meeting of the Asociaciòn de Colonos del Fraccionamiento Chula Vista de Chapala A.C. presented by Ian Davidson Lambert:

TREASURER'S REPORT

The 2016 and 2017 years saw the first increases in water and maintenance fees in five years, averaging 16%. The increases were limited to maintaining only essential "lights on" services without providing any surplus funds for discretionary projects. Through diligent control of expenditures, we are budgeting a small increase in maintenance fees for 2018 of 3%, which is less than one half of the annual inflation rate for Mexico. SIMAPA has announced an increase in Lakeside water rates for 2018 of 7.13%. Chula Vista has decided to increase water rates by 7% accordingly, with a surplus of \$50,000 pesos being set aside for unplanned maintenance and infrastructure system improvements.

The proposed rates for 2018 are as follows:

MAINTENANCE FEE

- \$ 4.48 *Rate per square meter for empty lots*
- \$ 3.55 *Charge per square meter of total property*
- \$2,426 *Charge per house (base rate)*
Businesses pay double rate (authorized area)

WATER RATES

Per house	Other usages		
0 - 10 m3	\$77.00	0 - 12 m3	\$113.35
11 - 20 m3	\$10.12	13 - 20 m3	\$11.49
21 - 30 m3	\$10.43	21 - 30 m3	\$12.07
31 - 50 m3	\$10.74	31 - 50 m3	\$12.67
51 - 70 m3	\$11.08	51 - 70 m3	\$13.30
71 - 100 m3	\$13.70	71 - 100 m3	\$13.70
101 - 150 m3	\$14.39	101 - 150 m3	\$14.39
151 m3 & >	\$16.51	151 m3 & >	\$16.51

Plus a 4% additional for infrastructure.

In preparing the 2018 operating budget for the Association, it is anticipated that each member will pay their share of the costs. When a portion of the community does not pay, it is the remainder who must shoulder the burden of all the costs, which is extremely unfair. Therefore, the 2017 Board has supported more aggressive collection procedures, and we are pleased to report that many homeowners have responded by bringing their accounts up-to-date, or making arrangements to

pay the outstanding balances over a reasonable amount of time. Those who still have not paid are being subjected to further actions.

Your Association continues to incur legal expenses due to ongoing lawsuits initiated against the Association and former board members resulting from activities of prior years. As well, we had other legal expenses associated with dealing with protection from unlawful activities, Conagua and a lawsuit from a former alleged employee and Chula Vista resident, Enrique Velazquez, contracted by what has turned out to be illegal and unauthorized actions by a small group of former board members, resulting in a settlement being paid in the amount of \$228,000. Legal costs for 2017 totaled \$357,465, down from the 2016 total of \$453,169, and the budget for 2018 is forecasted to be \$295,000. It is the Board's feeling that most of the lawsuits are frivolous, and waste a tremendous amount of our money, yet not defending is not an option, as it would be harmful to the Association and its residents.

Maintenance fees collected for 2017 were \$1,573,851 and water income collected was \$1,090,390, along with other revenues totaling \$3,167,706. Combined expenses totalled \$3,336,953, reflecting an operating shortfall of (\$169,247), all in pesos. At year end, the forecast is for bank balances on hand of approximately \$540,876 going in to 2018, compared to \$624,610 at the beginning of the year. The major items contributing to a

reduction in available working capital at December 31 are some collection arrangements on outstanding accounts are to be paid over several months into 2018, and the payment of the Velazquez settlement.

Even with the 2017 increase, we operated in a shortfall position. However, going forward for 2018, we feel that we have a good control over ever escalating costs, and are proposing a maintenance fee increase of only three percent, whereas Mexico's rate of inflation is currently reported at 6.63%. Water fees are also being capped at seven percent increase, whereas SIMAPA is implementing a fee increase for 2018 throughout the rest of Lakeside of 7.13%.

**Ian Davidson Lambert,
Treasurer of the Board of Directors**

FINANCIAL REPORT -2017 AND 2018 BUDGET				
		BUDGET	DECEMBER 2017	BUDGET
		2017	TOTAL	2018
<u>WATER SERVICE</u>				
INCOME				
Water actual year (4, 1,2,3 quarters)		\$1,347,371	\$1,090,390	\$1,509,501
collection for water system maintenance		-	5,000	5,300
collection for system connections fees		20,000	9,471	10,000
Prepaid water fees		-	89,870	-
interest earned in current year		16,000	20,418	20,000
Collections on water past due accounts		100,000	105,932	150,000
Interest earned past due accounts		20,000	22,270	20,000
Miscellaneous income		3,000	2,969	3,180
TOTAL WATER INCOME		\$1,506,371	\$1,346,320	\$1,717,981
<u>EXPENSES</u>				
Salaries -				
Jose A. Milian		130,000	123,896	131,330
Victor Manuel Comparan		142,268	147,021	161,992
<u>Vacation pay</u>			-	-
Jose A. Milian		2,500	4,000	4,240
Victor Manuel Comparan		3,293	4,726	5,010
<u>Aguinaldos</u>			-	-
Jose A. Milian		6,900	8,380	8,883
Victor Manuel Comparan		5,460	6,301	6,679
<u>IMSS/Infonavit/Payroll taxes</u>			-	-
Jose A. Milian		56,365	48,450	51,357
Victor Manuel Comparan		46,475	49,925	52,921
TOTAL		393,261	392,699	422,411

			-
Electricity for water pumps	390,000	438,103	445,000
Equipment and repairs	100,000	116,949	90,000
Federal water use taxes	78,000	-	225,000
Lic. E. Carvajal - Conagua license	40,000	19,867	20,000
Water Testing	-	30,000	31,800
Legal fees	140,000	151,398	140,000
Consulting fees	-	3,086	3,271
Reserve water repairs and improvements			50,000
Miscellaneous expenses	9,000	4,165	4,415
TOTAL	\$757,000	\$763,568	\$1,009,486
TOTAL WATER EXPENSES	\$1,150,261	\$1,156,267	\$1,431,896
		-	
NET INCOME (loss) WATER SERVICES	\$356,110	\$190,053	\$286,085
	BUDGET	DECEMBER 2017	BUDGET
MAINTENANCE SERVICES	2017	TOTAL	2018
Income			
Maintenance fees	\$1,701,042	\$1,573,851	\$1,848,959
Prepaid maintenance fees	32,000	49,967	-
Collections on past due accounts	42,000	112,300	100,000
Interest earned in past due accounts	5,000	18,463	19,571
Non-refundable Construction fees	30,000	51,750	36,000
Construction Permit	3,000	4,250	4,505
Collection of Fines	10,000	-	-
Miscellaneous income	7,999	10,805	11,453
TOTAL MAINTENANCE INCOME	\$1,831,041	\$1,821,386	\$2,020,088
		-	
Employees			-
Salaries (Francisco Hernandez)	151,623	162,377	179,494
Salaries (Cesar Milian)	85,800	56,979	107,640
Vacation	11,743	-	-
Francisco Hernandez		4,977	5,276
Cesar Milian		-	2,250
Aguinaldos	12,460	-	-
Francisco Hernandez	-	6,983	7,402
Cesar Milian	-	735	5,143
IMSS/Infonavit/Payroll taxes	128,182	-	-
Francisco Hernandez		52,310	55,448
Cesar Milian		17,564	33,756
TOTAL	389,808	301,924	396,409
		-	
Pickup gasoline, maintenance, license, insurance	40,000	34,552	36,625

Equipment and repairs	5,400	6,008	6,368
Materials	2,400	1,352	1,433
Contracted services	5,000	474	502
TOTAL	\$52,800	42,386	\$44,929
			-
<u>Garbage Collection</u>			-
Contracted services	TOTAL	427,636	427,656
			-
<u>Street Lighting</u>			-
Electricity	275,000	264,619	280,496
Equipment and repairs	24,000	34,670	36,750
Contracted services	16,000	22,401	23,745
TOTAL	315,000	321,690	340,992
			-
<u>Street and Drainage Repairs</u>			
Materiales	60,000	87,249	130,000
Environmental maintenance	21,000	17,170	18,200
contracted services	80,000	35,183	37,294
TOTAL	161,000	139,602	185,494
			-
<u>Office Operations</u>			-
Salaries (Lucy Fernandez)	121,061	126,157	133,726
Vacation pay	10,498	32,286	34,223
Aguinaldos	9,435	11,779	12,486
IMSS/ Infonavit/ payroll taxes	152,609	123,247	130,641
TOTAL	293,603	293,469	311,077
			-
Electricity	7,000	8,233	8,727
Equipment and repairs	7,500	8,486	8,995
Supplies	24,000	30,100	31,906
Telephones	18,000	15,980	16,939
Contracted services – computers	2,400	2,417	2,562
Contracted services –cleaning	16,200	17,350	18,391
Miscellaneous	36,000	23,351	24,752
TOTAL	111,100	105,917	112,272
			-
<u>Other expenses</u>			-
Expenses Related with Enrique Velazquez- Labor Court	60,000	282,068	-
Accountant fees	48,000	45,273	47,990
Legal fees	170,000	151,399	140,000
Annual general assembly meeting	36,000	24,355	25,816
Monthly board meetings	3,600	3,820	4,049

Municipal Taxes	6,000	7,474	7,922
Bank Charges	1,200	371	393
Internet Infrastructure	-	-	100,000
Reserve Fund Replenishment	100,000	-	100,000
Miscellaneous expenses	5,000	33,282	35,279
TOTAL	\$429,800	\$548,042	\$461,449
TOTAL MAINTENANCE EXPENSES	\$2,180,747	\$2,180,686	\$2,305,938
NET INCOME (loss) MAINTENANCE	-\$349,706	-\$359,300	-\$285,850
NET INCOME (loss) WATER PLUS MAINTENANCE	\$6,404	-\$169,247	\$235

There were no questions from the floor about the budget or Treasurer's Report.

A motion was made by Wendy Penner and seconded by David Salyers to accept the Treasurer's Report and the Proposed 2018 Budget. A vote was taken by show of hands and the motion passed with no opposing votes.

8. Comisario's Report

Cathleen Countryman Comisario's Report was included in the AGM packet sent to Colonos members for their review. President Sandra Carman noted that Cathleen had been an effective conduit of community concerns and thanked her for her active participation for the last two years.

2017 Chula Vista Association REPORT OF THE COMISARIO COMISARIO'S REPORT

I would like to thank the 2017 Chula Vista Board of Directors for their dedication and hard work to continue to make Chula Vista one of the most desirable communities lakeside. During the last two years as Comisario I have learned so much and have had the opportunity to get to know my community much better.

Some of the things that I would like to point out that your board has worked on this year are:

- Water: Chula Vista water is a precious commodity to us. They continue to work to ensure that Chula Vista's water is protected and that we continue to have an adequate supply as well as safe water.
- Collection of Fees: For many years there have been many past due accounts for the Association Fees & Water Fees. Ian Lambert, Treasurer, has worked tirelessly on

this and achieving great success in collecting past due fees. The treasurer's report reflects the fees collected and the fees still owing.

- Legal Issues: Chula Vista has several law suits still pending. These suits take so much time and resources from the board as well as resources from the community. They are making forward movement with these suits but it takes time.

In my report for 2016 one thing I had asked the board to improve on was communication with the community. This has been discussed on several occasions. Sadly, the 2017 board has not made any improvement in this area. Many people in the community have asked me what is going on and why the board does not share information with the community. There is an environment of frustration due to lack of information and communication. The minutes of the board meetings as well as financials are still not being posted on the website or sent out to the community. Yes, they are posted in the office. This is not adequate. Not all owners live here full time. E-mailing them to the community each month will be efficient and will create better transparency and takes very little effort. Clearly my efforts to achieve this for our community have failed and for that I am truly sorry.

My hope is that the 2018 board will improve communications with the community. Also, we need consistent actions regarding the rules & regulations in Chula Vista. Currently there seems to be much inconsistency with responding to reports of violations to the rules and regulations.

As you can see it is a lot to keep a community of our size in good working order. As someone who in my past has resisted volunteering for a board position, committee position or comisario, I today, am pleased that I have spent these past two years working with the board and the community. I would like to urge all of you to consider taking some of your time to volunteer with our board for your community. It is impossible for the same people to constantly be the ones working on your behalf. I often tell people who bring complaints to me to get on the board. Come and make a difference in your community. By doing so you will make a positive contribution to your community. Chula Vista needs you!

**Cathleen Countryman
Comisario**

There were no questions on the Comisario's report. It will be filed with these Minutes.

9. Amendment to the Rules & Regulations

Water commissioner Joe de Leon presented background information to the proposed amendment to the Rules & Regulations about water usage in the colonos.

The Board recommends that the Rules & Regulations be amended to include a regulation that residents not be allowed to use Chula Vista water to fill swimming pools, but may only top off their pools.

Background:

- Despite repeated requests, Mexican water agency, Conagua, has not increased Chula Vista permitted water usage. Although we now have 300 homes, we only have a water usage permit for 70 homes.
- Our current usage is subject to higher rates and possible penalties.
- Our aquifer is lower than in the past and its flow rate is slower. The government does not have any plan for long-term water management despite the fact the population of the Lakeside area is estimated to be more than 1,000,000 people in 2050.
- Chula Vista's water is potable, high quality and expensive. We chlorinate and test the water for bacteria, hydrocarbons, turbidity, pH, odor, taste and heavy metals.

Much discussion followed Joe's presentation. Comments and questions were made about the water usage by the golf course, the number of people who actually filled their pools with colonos water, the costs to have water delivered by tanker, the necessity to fix leaks, how the rule could be enforced, methods of water conservation and garden usage.

After the discussion, the motion to amend the regulations to prohibit residents from using Chula Vista water to fill pools was proposed by Ian Lambert and seconded by Joe de Leon. The motion passed.

AMENDMENT TO RULES & REGULATIONS

Revision to #7 Comprehensive Rules & Regulation about water

Here is the revised regulation we are submitting for your approval at the 2018 Annual General Meeting:

Revised Comprehensive Rules and Regulations for 2018

Section IV – Water & Sanitation

7. Draining of water from swimming pools must be done with extreme caution and cause no danger to the general public. The owner is liable for injuries to persons and for damage to property of others. The Office of Chula Vista must be notified prior to draining pools. Continual dumping and refilling of pools in lieu of chemical treatment shall not be allowed. Violations may result in the assessment of penalties as provided in Section VIII.

(add)

Further, property owners and renters are prohibited from filling pools completely with Chula Vista water. It is permitted to use Chula Vista water to provide the first 12 inches/30.5cms of water in an empty pool, as this will protect pool tiles from the pressure of water tanker water, but in the case of new pools, the rest of the water must come from water service companies or water tankers.

Those who need to empty their pools should save their pool water by transferring it into temporary water tanks, and then return the water to the pool when work is done. Those who

misuse Chula Vista water will be subject to heavy fines that will be imposed at the discretion of the Chula Vista Board. At all times, Chula Vista water may be used to 'top off' a pool.

10. Election of the new Board of Directors for 2018

The election for new Board members was chaired by Michael Kavanaugh.

Directors Michael Joseph Lemmo, Michael Joseph Kavanaugh and Victor Manuel Gonzalez were elected to a 2-year term in 2017 and will complete their terms in 2018.

At the AGM, Christine Ann L'Ecluse, Ian Davidson Lambert, Billy R. Brown were elected by acclamation to two-year terms.

David Sayers was nominated from the floor by Stanley Rawson and was elected by acclamation.

11. Election of Alternate Directors

Michael Joseph Kavanaugh also presented the Board's nominations for Alternate Directors:

- Joe Alex deLeon
- Karen Elaine Doyle
- Gary Blauer
- Louise Andree Morel

There being no nominations from the floor for Alternate Directors, the slate of Alternates proposed by the Board of Directors was elected to the Board by acclamation.

12. Election of the Comisario

Charles Allan Flaa was elected to the position of Comisario.

13. Granting of Powers to the 2018 Board of Directors

AGM Chair Sandra Marie Carman informed the members that by electing the new Board, the community members were endowing the candidates with the faculties that the Law and our Association By-Laws confer, specifically in accordance with Clause 29 of the Constitution of the Association, modified in the Assembly of 20th twentieth of January, 2007 and protocolled on the 26th of January 2007, before Notario #5 Sergio Ernesto Macias Avila, Chapala, Jalisco, in Public Deed #5910, and which says:

TWENTY NINE. The Board of Directors will designate in the month of January of each year, from among its Members, the Executive Directors, that is to say the **PRESIDENT, VICE PRESIDENT, SECRETARY AND TREASURER**, who can be reelected within the period of their term. During said term, the **PRESIDENT will have the faculties of Legal Representative of the Association** (based on Article 2554 of the Civil Code of the Federal District and related articles of the Civil Code of the State of Jalisco). The Board of Directors may designate an external Legal Counsel.

THE PRESIDENT, the VICE PRESIDENT, the SECRETARY and TREASURER, will have the faculties to open bank accounts in the name of the Association, as well as expedite checks or make withdrawals on behalf of the Association, for which the signatures of two (2) of the Executive Directors mentioned above will be required; it is understood the two signatures would also be required to cancel signatures of Executive Officers previously registered, upon the suspension or end of their term of office. The granting of powers concludes the "swearing in" of the newly elected Executive.

Sandra Marie Carman, President of the Assembly, asked the Assembly to give a warm welcome to these people who have volunteered to serve the Chula Vista community. She asked that the 2018 Board of Directors meet to select Board officers.

14. Announcement of the Officers selected by the 2018 Board of Directors

The newly elected Board met to appoint among its members those to occupy executive positions and hold powers.

AGM chair, Sandra Marie Carman, announced the officers of the 2018 Board of Directors:

• PRESIDENT:	MICHAEL JOSEPH LEMMO
• VICEPRESIDENT:	MICHAEL JOSEPH KAVANAUGH
• SECRETARY:	CHRISTINE ANN L'ECLUSE
• TREASURER:	IAN DAVIDSON LAMBERT

15. Designation of the delegate to formalize the Minutes of the Meeting into a public deed before the Public Notary

AGM chair, Sandra Marie Carman, designated Maria Lucia Fernandez de la Torre to formalize the Minutes of this Annual General Meeting into a public deed before the Public Notary.

16. Adjournment

AGM chair, Sandra Marie Carman announced that the business of the 2018 Annual General Meeting had been completed. She thanked everyone for their guidance and support. Ann Beeman Knowlton made and Ken Pasanen seconded a motion to adjourn the meeting. The motion passed with no objections. The meeting was adjourned at 12:14p.m.

Recorded by:

Christine Ann L'Ecluse
Acting Secretary during the Assembly

**THE PACKAGE WITH THE AGENDA AND ALL THE REPORTS WAS FILLED WITH THE
MINUTES OF THIS MEETING.**

Verified by the Executive Officers elected during the assembly 2018.

**MICHAEL JOSEPH LEMMO
PRESIDENT**

**MICHAEL JOSEPH KAVANAUGH
VICE-PRESIDENT**

**CHRISTINE ANN L'ECLUSE
SECRETARY**

**IAN DAVIDSON LAMBERT
TREASURER**