

**Asociacion de Vecinados Vecinos en Tecomatlan, A.C.
Tlachichilco del Carmen, Jalisco, Mexico**

**General Assembly 2014
March 4, 2014 1:00 pm
Lake Chapala Country Club**

Board Members Present: President Ernest Gerenda – as President of the Assembly, Secretary Joaquin Hawkins – as Secretary of the Assembly and vote counter, Treasurer Mike Jones – as Proxy Scrutineer and Sign-in Scrutineer, and Director-at-Large/Water Commisionier Doug Reno – as vote counter.

Bob Esseltine as an additional vote counter.

Members Present:

Rodney Brooks, Randy Fliegel, Lana Ehlebrecht, Bob Esseltine, Gloria Gene George, Ernest Gerenda, Efigenia Hawkins, Mike Jones, Ron Jones, Dan Kralik, Dolores Leader, Sandra Lacelle, Russell Loop, Jeanette McCamis, Tom Mills, Ernie Neely, Britt Proud, Doug Reno, Lynda Thomson, Kathryn Vine, Darlene Webb

Members Represented by Proxy:

Mike Connell, Bernard Downs, William Gallier, Elizabeth Handy, Helen Kemp, Ray Miller, Quy Nguyen, Larry Pellegrini, Bonnie Rohac

Members Present But Not Voting:

Joan Gutierrez

Guests:

Peggy Brooks, Nancy Esseltine, Byron Kirkham, Toni Kralik, Bernard Leader, Ruth Ann Loop, Angela Mills, Stan Proud, Ruth Reno, Dave Thomson.

President Gerenda called the meeting to order at 1:30 pm

Item 1:

Motion # 1:

Motion called to approve the ACTA of AGM 2013.

Moved to Accept: Dolores Leader / Seconded: Britt Proud

Item 2:

New Members & Removals. None of either.

Item 3:

President's Opening Remarks:

President Gerenda drew references to past AGM's:

a).Extraordinary General Assembly, Oct. 12, 2006, AGM's 2007, 2010, 2011, 2012 & 13
President Gerenda spoke of the problems we faced over that time span; i.e. exclusions, regularizations, concessions, lack of volunteers to fill positions, and our dealings with Conagua (CNA)

b). Quarterly Water Bills, Membership, Capital Assessments:

Refusal to pay has been a problem with the Board, which caused Projects 2 & 3 to be put on hold.

c). Concessions:

A lawyer has been retained to negotiate with Poncitlan for a favorable concession. We now have a draft agreement that is currently being translated into English. This agreement with Poncitlan for CNA concessions, in Poncitlan's name, would be for ten years. The AC, however, would retain responsibility for setting its own delivery charge rates, repairs and maintenance for day-to-day operations. The question is, *will Poncitlan and CNA demand we pay the huge extraction tax bill now?* Negotiations continue on this matter.

d). Water Rights:

Laws in Mexico guarantee water for everyone. The AC does not charge members for water, but for the delivery of it. The concession sought from Poncitlan is a license to operate legally. Being legal would greatly reduce our electrical expenses and extraction taxes.

CNA sets the perimeters of how much water can be extracted. Use more than the maximum allowed, penalized. Do not use the maximum then run the risk of having the allowable amount reduced.

We now have 3 concessions with CNA (one for each well), protecting our wells from outsiders, that our wells belong to us. We are still in negotiations with Poncitlan for a concession.

i). E-mails:

A number of individuals have sent out troubling e-mails to the Board. They were thought out and well written, deserving attention. The main thrust of complaints was aimed at the capital improvements assessment of 2013, contrasting non-water users and those who do. The president stipulated there should be no difference in regards to all members being responsible for the maintenance of the delivery system.

j). Liability Insurance:

The President had voiced a concern about the possibility of lawsuits brought against the duly elected Board officers. Former President Bernard Leader clarified that existing by-laws address this. There is currently no liability insurance available in Mexico

Item 4:

Water Commissioner's Report / 2013:

a). La Huerta (Project 1 of 3 / Capital Improvements)

This was completed and has been performing as well, or better, than expected. The lower end of the distribution system has now in place a 3" pipe running up Camino Real to the aljibe at the Loop's residence, underneath their garage floor. What AGM 2013 had approved, this specific project, has been completed.

This also includes all AC property being removed from the Dwyer's private property, a potential for eventual conflicts.

b). Project 2 / La Huerta Water Tower. This would have removed the water storage facility from the Loops to a tower, at a safer site. But, this was put on hold for insufficient funding.

c). Project 3 / New 3" line in the La Calma district. Also, put on hold due to insufficient funding.

d). La Calma: About 1 ½ years ago the La Calma district suffered greatly! The well had been built originally with an improper, cheap plastic casing, running 260 feet down. It had a hugely over-sized pump that would suck the well water down in twenty seconds, so low that the pump began sucking in air. The issue really turned out to be one of "Demand." With concerted efforts to improve the well, repair lines, and curb demand, the well has been operating satisfactorily, providing there are no sudden spikes in demand.

e). Water Flow and CFE:

Based upon usage over the past five years, La Huerta averages a demand of 40 cubic meters per day. Figuring what the La Huerta census averages it can be determined that each person is consuming 685 gallons daily. The greatest portion of that is for gardening.

Before the present upgrade, when there had been a 2" line and two pumps (15 & 5 HP) It was costing La Huerta 237.30 pesos per day to pump and distribute 40 cubic meters. Using just the then-existing 15 HP pump with the new 3" line that cost shot up to 267.49. The completion of Project 1, with the new 3" line and other components, including a new *12-stage* 15 HP pump is delivering much more water for far less expense, 59.43. Currently those readings have read, 47 KWH, moved 69 cubic meters and cost 108.49 pesos, compared to the previous system of 40cm, 82 KWH, and costing 237.30 pesos.

La Huerta's greatest usage is its gardens. Wiser means of watering can be implemented, ex. water very early in the morning to avoid evaporation. Install drip systems under ground: less evaporation and much less water needed.

f). Electricity / CFE: was budgeted at 120,000, expected to be 105,000, actual 102,000

g). Repairs and Maintenance: Budgeted 106,000 / actual 57,387

h). Construction Service / Paid employee to help: Budgeted 69,600 / actual – 0 –
No qualified person available

i). Water Analysis: Concerns of arsenic prompted a comprehensive study. Samples were taken from both La Huerta and La Calma. Levels of metals and salts are below industry standards. But the totals for chloroforms and fecal chloroforms were alarming; prompting installations of automated, chlorine injection systems, yet to be activated. Chlorine is the

answer to eradicate bacterial microbes. Our residential UV lamps consume 800 -1000 watts 24 / 7 and their efficacy diminishes rapidly.

j). 2014 Recommendations:

- i. The put-on-hold Projects 2 & 3 to be decided at the AGM, determine what to do with delinquent accounts first.
- ii. Maintain a 3 tiered pay scale. Modify the present 10-15-20 pesos per cubic meter of water to 9-15-20 pcm.

Item 5:

Motion # 2:

A motion called for to accept the Water Commissioner's Report.

Moved to Accept: Jeanette McCamis / seconded: Britt Proud

Discussion followed; Well titles, federal and local concessions, how CNA regards us and sets our rates, why there is not an across the board parity with all water users. It was remarked that we who have gardens and want them well-maintained , being heavier users ought to pay for that extra delivery of water.

Item 6

Treasurer's Report / 2013:

Although expenses in La Huerta will continue to rise the improvements to the system will prove costs saving too.

In the past we have furnished the pueblo emergency water, but for how long has never been determined. Our agreements with Poncitlan are oral, open-ended. We have thought a maximum of 15 days sufficient. But, they have even drawn this out to four months. We need to define what the maximum should be. Once a Poncitlan concession is secured this shall help settle this matter.

We have three federal (CNA) concessions, one for each of our three wells. These allow us the right to extract a maximum amount of water from each well. Because we are regarded as a private, "for-profit" business, not an AC, our extraction rate is extremely high, 8.0297 pesos per cubic meter. A concession from Poncitlan, with our present concessions changed into Ponitlan's name, would lower our rates substantially. The "Comision Nacional de Agua" says we would be entitled to a municipal rate of 0.8064 per cubic meter.

To date, La Huerta has 28 meters, 32 houses, 59 people. La Calma has 13 meters, 24 homes, and 51 people. The total is 41 meters, 56 homes, 110 people, 104 lots.

The AGM 2013 approved a price increase for delivered water, establishing a tiered rate of 10-15-20 pesos per cubic meter of water, instead of the flat charge of 5.15 pesos per cubic meter.. The approved Capital Improvement budget involved three major projects. Only Project 1 could be completed. Projects 2 & 3 had to be put-on-hold because 43% of members did not pay for them. AGM 2014 must decide what to do about these projects.

a). Water operations:

- i). Profited 95,890 (2013) but lost 84,907 (2012), leaving a surplus of 10,983
- ii). La Huerta's upgrade continues to decrease the electrical expenses.
- iii). Repairs and Maintenance addressed 9 leaks and required changing the pump at the Loop's aljibe 7 times, due to improper sizing and a faulty electrical switch (costly)

b). Capital Improvements:

The completion of Project 1 moved all of La Huerta well equipment controls off the Dwyers' private property (garage) and within the AC's fenced-off area near the base of the communications tower. Projects 2 & 3 were side-lined, insufficient funding, and are awaiting for members to decide what to do with them at this AGM 2014.

c). Administration:

Board sought the hire of a qualified attorney to secure a Poncitlan concession for us. No monies had been spent for no one had performed the task. We now have one, confident it can be done quickly

i). Administrative Income:

	Budgeted	Actually paid	Variance
Membership Dues	89,082	61,564	27,518
Accounting	24,000	38,753	14,753

Page 5

Going over budget resulted from the now-requirement to file monthly reports, pay taxes quarterly. The SAT / registering to enable online payments via electronic signature

	Budgeted	Actual	Variance
AGM	9,000	6,000	3,000
Legal fees / Concessions	50,000	4,262	45,738

Ending 2013 with Available Funds of : 267,971

d). Proposed Budget / 2014:

a). Water operations:

- i). Even though CFE rates continue to rise the savings from the efficient upgrades of La Huerta should continue to reduce these expenses compared to 2013.
- ii). Installations of automated chlorinating systems at the wells shall be in place at the time of this AGM 2014, ready to be activated. These additional expenses are warranted after comprehensive tests revealed alarming levels of bacterial chloroforms and fecal chloroforms. According to Jalisco's "Laboratorio de Calidad de Agua", after chlorinating, minimal testing 4 times per year should suffice, rather than doing a full, expensive, comprehensive test once a year.
- iii). The La Huerta well now has a meter, allowing the fontanero to gauge water usage/loss. Any loss is critical because future tariffs will be based upon TOTAL water extracted.
- iv). The Board never hired an assistant in 2013 to assist the fontanero / none qualified. But, the Board expects to hire one in 2014.

v). The present tiered pay rate of 10-15-20 should be modified to 9-15-20. The Board believes that an amendment to the by-laws should be adopted, allowing The Board to review / change the water deliver rates quarterly, allowing too, a more timely rate decrease / increase.

e). Capital improvements / 2014:

i). Project 1 was budgeted at 136,200 / completed at 115,245.85, a savings of 20,954.15

ii). Projects 2 & 3 are put on hold, awaiting an AGM directive, whether levy another assessment to complete one or the other, or both.

The Board discussed at length what further funding would require, that of likely requiring those who had paid in 2013, so pay again in 2014; thus subsidizing the non-paying 43%. We acknowledged the unfairness. To complete both Projects would require another 7,748 pesos: P 2 = 3,448 / P 3= 4,300.

f). Administration / 2014:

The special attorney we have hired needs to continue pursuing a Poncitlan Concession. This would put us on much securer legal ground and reduce our exorbitant extraction tariff from 8.0297 pesos per cubic meter to 0.08064 pcm.

g). The proposed budget for 2014 the Treasurer recommends dues per lot at 770, based upon projections; AGM 9,000, Legal Fees 50,000, Office 6,500, Web site 500, Contracting Services/ Accounting 10,000

Item 7:

Motion # 3:

Motion called for to accept the Treasurer's report

Moved to Accept: Jeanette McCamis / Seconded: Britt Proud

Item 8:

President's Report:

We continue to work on two fronts, 1. the water extraction tax issue 2. exclusion. We have a tentative agreement with Poncitlan for a concession. If successful this shall qualify us for reduced electrical rates and municipal benefits. Our extraction taxes would decline. The Board would have increased legal protection.

Our Water Commissioner has seen to having everything ready for the construction of a La Huerta water tower, and recommends the 3" water line placement from La Huerta to La Calma. Although 43% of members have refused to contribute to these projects they would be of enormous benefit to all.

The President believes that funding and attitude problems need to be addressed, and he came up with eight recommendations to do so. These recommendations became motions before the AGM, except Recommendation 6 which was withdrawn.

Motion Four:

A motion to change the wording of **Article 38 : Billing and Payments, to read:**

1. *Should a user fail to pay two consecutive bills in full, he / she will be considered to have waived his / her right to receive water and the water service will be terminated until the bills are paid in full and a service fee of 1,000 pesos has been made. The Association has the right to collect the amount by whatever means it considers appropriate, including legal action on behalf of the AC.*
2. *The user must pay the Association in cash for the water service rendered within the first 10 days of the billing date. Members who are here for part of the year must make financial arrangements with the Treasurer subject to Board approval.*

Moved to Accept: Dan Kralik / Seconded Efigenia Hawkins

Motion Five:

Motion called to read as follows:

That all members of the Association who are in arrears, whether they are using water or not, must pay their Membership Dues, Capital Assessments, and any other fees that have been approved by the General Assembly, within 90 days or have membership and future delivery of water suspended until their account is brought current, plus interest.

Moved to Accept: Britt Proud / Seconded: Kathryn Vine

Recommendation Six: This recommendation was withdrawn, never made a motion

Motion Seven:

Motion called to read as follows:

Instead of the present two-year term of office for Board members a yearly election will be held at the yearly AGM.

Moved to Accept: Barnard Leader / Seconded: Ernest Neely

Motion Eight:

Motion called to read as follows:

To utilize existing funds set aside for Projects 2 & 3 and be used exclusively for the completion of Project 3.

Moved to Accept: Dan Kralik / Seconded: Lana Ehlebrecht

Motion Nine:

Motion called to read as follows:

That there is a reduction in the delivery of water in the first tier from.. 10 pesos to 9 pesos per cubic meter. The second and third tier would remain the same at this present time.

Moved to Accept: Gloria George / Seconded: Darlene Webb

Motion Ten:

Motion called to read as follows:

The Board of Directors is authorized to adjust the water rate either up or down based upon the prior quarter income and expenses, a maximum of 2 pesos per cubic meter of water,

Moved to Accept: Rodney Brooks / Seconded: Dan Kralik

Motion Eleven:

Motion called to read as follows:

The 2014 Administration Budget is 770 pesos

Moved to Accept: Kathryn Vine / Seconded: Britt Proud

Item 9:

ELECTIONS OF THE NEW AC BOARD:

Results:

President: Bernard William Leader

Vice President: Ray Martin Miller (appointed by President Leader)

Director-at-Large (Water Commissioner): Robert Preston Esseltine

Treasurer: Michael Leisz Jones

Secretary: Peggy Ann Brooks

Comisario: Rodney Machin Brooks

End of Business / General Assembly Adjourned 4:40 pm.
Respectfully submitted by out-going Secretary, Joaquin Hawkins