

**La Casa del Sol Council of Co-Owners
Board of Directors Meeting
November 10, 2015**

Call to Order:

President Vicki Vannatta called the meeting to order at 1:30 p.m. A quorum was present including Board Members Jerry Cigainero, Gaylen Cox, Steve Gandy, Ben Harbour, Candy Lamel and Ray Leidig. Assistant Treasurer Dennis York was also in attendance.

Approval of Minutes from September 29, 2015

A motion to approve the minutes was made by Gaylen Cox, seconded by Ray Leidig, and was accepted by all. Approved minutes will be distributed by Secretary Candy Lamel to the Accounting and Resort offices for filing, and to Steve Gandy to post them to the website for all owners' reference.

Presentation of the Financial Report and Reservation Office information:

Assistant Treasurer Dennis York presented the year-to-date financial performance. In summary, 2015 Spending through October 31 has exceeded revenues by about \$50 thousand, which is a smaller loss that we experienced in 2014 at this point, but about \$6 thousand worse than budget, as the budget was based on selling more unit/deeds than we have so far this year. Spending has been managed well this year, partially off-setting the revenue shortfalls and, as reported last month, were it not for non-recurring items primarily due to the updates on several units, our year-to-date performance would not be worse than budgeted. The balance sheet continues to reflect healthy asset balances and the cash reserves remaining will cover the 2015 shortfall.

The dispute with Nueces County has been settled, and they agreed to base our taxes on last year's appraisal values, so any increase in property taxes due this year will be the result of a tax rate increase, not the higher appraised values they had originally proposed.

A motion to accept the financial report was made by Candy Lamel, seconded by Ben Harbour and accepted by all. Treasurer Gaylen Cox reported that she completed a tool inventory while at the resort this fall. As part of our efforts to manage spending as closely as possible, Gaylen is working with the resort staff and the Cresson office to set up new inventory tracking and controls to prevent tools from disappearing and to prevent duplicate purchases in the future.

2016 Budget

After a lengthy discussion of various options regarding the need to raise annual maintenance fees and IP fees to balance the budget in 2016, and numbers of unit/deeds to assume in the new Budget, a motion was made by Steve Gandy, seconded by Ben Harbour, to hold the annual maintenance fees at the 2015 rates (\$625 for a one-bedroom unit and \$750 for a two-bedroom unit) and raise the IP fees instead to \$250 and \$350, respectively, to partially offset the loss projected in the 2016 budget, with the balance of the profit shortfall covered by our cash reserves. The motion carried with all in agreement except for Jerry Cigainero, so the 2016 Budget was approved. Jerry suggested we pursue other revenue streams in the future and all agreed to discuss in more detail ideas and options for increasing revenues later in this meeting.

Report on Management of the Resort:

Vice President Steve Gandy reported that overall, resort operations are going well except for a shortage of housekeepers occasionally, but with decreased occupancy at this time of year, it's mostly been resolved. Debra Perez (hired by Abram Garcia) is no longer employed by us and has been replaced by Sarah Manitello.

Shelly and housekeeping have completed the inventory of the units, primarily relating to kitchen items (to make sure all have the right flatware, etc. since things often get moved between units by guests). Unit 204 has been painted and there are 3 more units still with white walls that will be painted during the slow season. Other off season projects: the grills will be reinforced and resealed, a pool expert will evaluate the pump system, and we will replace the missing tile and grout around the pool. The Board approved Steve's proposal to spend the money to update three more bathrooms, since the tubs in those rooms have cracks, so now would be the time to do the rest of the updates to those bathrooms.

Maintenance and repairs: New refrigerator and dishwasher were installed in unit 203 as both from that unit had been moved to others when needed. The exterminator on contract was called out to spray the complex after scorpions were sighted around units 108 and 106. The DVR for the security system was found to be defective and a replacement has been ordered.

Consideration of Options to increase revenues:

Jerry Cigainero informed us of his discussion with the marketing representative at another resort he had visited, wherein he was told that they rent out empty units for their owners and they haven't had to raise their annual fees in recent years. Since we've not done this sort of thing in the past, Jerry said he would be willing to contact the Rental Manager to see if he can come to a meeting to give us a presentation so we can see if this is an option we could pursue.

Ray Leidig made a motion, seconded by Steve Gandy, that we authorize Jerry to contact the agent and inquire about setting up a meeting with us – the motion carried unanimously.

Steve Gandy said he agrees with Jerry Cigainero that we need to modify our business model to increase revenues. In that regard, Steve had contacted a real estate management office on the Island about the possibility of renting units (primarily just during the slow season), and the agent said \$1000 - \$1100 per month should be reasonable rent in the late fall and winter, which is when we have low occupancy by owners. If we go with that firm, they find renters and take a percentage of the rent. Since we have confirmed that our association is a “not for profit” rather than a “non-profit” organization, we believe we won’t have a tax problem if we rent available units to non-owners in order to offset costs. Dennis York suggested we have our legal counsel review the management company agreement to see if we can pursue this option. Steve agreed to put his plan on paper for us all to discuss and consider as a way forward, to increase revenues but still protect our current owners, whether it’s to give them longer lead times for booking IP weeks, or discounted “rental” prices, etc..

Other Business

Gaylen reported items owners brought to her attention when she was at the resort. One wanted us to put some type of alarm at the dock so they could ring a bell for help if they needed to. Another item was that people complained about not being able to park their boats/trailers in the parking lot, when there were more than two there, as they hadn’t read the rules and regulations. Steve said they have fine-tuned the check-in forms so the owners/guests must read the rules and agree to adhere to them. Another owner wanted connected rooms. Another said he has detailed ideas about how to sell units. Another was angry about all the fishing holders filled at the dock and owners not staying there with them. Another was upset that 107 had coolers on their porch, when our rules say nothing should stay there, even though our rules also say they can’t go into the unit because of the odor of fish. Steve agreed to reword some of the rules and regulations to address these kinds of things and have us approve them before he posts them on the website.

Adjournment

President Vicki Vannatta scheduled the next Board Meeting to be held Tuesday, January 12, 2016, beginning at 1:30 p.m. at the Cresson office. This meeting was adjourned at 4:07 p.m.

Submitted by Secretary Candy Lamel
Approved for filing and distribution on January 12, 2016