



South Forbes Tokyo Mansions Homeowners' Association, Inc.
 South Forbes Golf City, Brgy. Inchican, Silang, Cavite
 Tel. No. 049-4093612

MINUTES OF THE SPECIAL BOARD MEETING
 Tokyo Mansions Administration Office
 October 10, 2019

Present:	Dir. Joel Lapis	-	Chairman
	Dir. Arnel Orias	-	Vice Chairman
	Dir. Vic Navarro	-	Member
	Dir. Nestor Remegio	-	Member
	Mr. Julian Dayrit	-	Board Secretary
	Atty. Ronald Solis	-	SFTMHOAI Legal Counsel
	Mr. Bernard Romarico Sanchez	-	Chief Financial Officer Cathay Land, Inc.

A. Conference with CLI's Chief Financial Officer

As discussed during the previous meeting, the CFO presented to the board the CLI's initial counter proposal based on the HOA's demands. He said that the proposal was discussed and approved by the CLI's Executive Committee. When Atty. Solis asked the CFO if he has the authority to represent the company in presenting its proposal, Mr. Sanchez said that Mr. Jeffrey Ng, CLI's President, is aware of the situation and that the CLI's board resolution authorizing him to represent the company is just a formality.

Mr. Bernard Sanchez told the board that the CLI management remains firm on their financial claims from HOA especially on the 60% HOA share to the Php 10 Million renovation cost for the club house and swimming pool because they believe that the previous agreement between HOA and CLI was authorized by the then board.

For clarification with the CFO, Atty. Solis mentioned the following financial claims to HOA as per CLI counter proposal in relation to HOA's demands:

- A. 60% of Php 10,628,920 Million - HOA share to the renovation project

- 1 B. Php 2,046,431.72 Million - Association dues payable to CLI
2 C. Php 1,315,680 Million - HOA share to the security services
3 D. Php 248,596.95 - HOA share to the janitorial services
4 E. Php 187,943.20 - HOA payables for the water/electricity consumption
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6 In exchange for the payment of the HOA obligations, Mr. Sanchez assured the board that they
7 will undertake to repair the remaining works at the club house, the swimming pool and the
8 perimeter fence which will cost to around Php 5.4 Million.
9

10 With regards to Item B, Chairman Lapis told the CFO that the association dues (as verified) were
11 maintenance dues prior to the inception of HOA and should have been directly collected by CLI.
12 The CFO commented that from what he understands, said dues were already collected by the
13 HOA but was not remitted to CLI. He advised the chairman to just indicate in HOA's reply their
14 comments about the matter.
15

16 The chairman requested the CFO to give the board time to discuss the CLI's proposal prior to the
17 negotiation between the two parties.
18

19 The board scrutinized one by one all the items stated in the CLI proposal which, when calculated,
20 is equivalent to around Php 10 Million. The chairman commented that as per CLI claims the HOA
21 will be releasing a big amount of money.
22

23 The chairman stressed that the 60-40 sharing of the project cost refers to the earlier agreement
24 which was approved by the previous board thru a board resolution. As the board may recall, said
25 resolution is being contested by the present board as it was adapted in bad faith and was done
26 without the proper quorum because most of the seating board then was from CLI. On the other
27 hand, the other two directors who represented the HOA then still deny that they signed in the
28 controversial agreement.
29

30 In addition, the chairman said that there was no official turn-over of amenities yet and that the
31 subdivision should have been maintained by CLI as the subdivision is still the obligation of the
32 developer. He again reiterated the board's position that from the start, the board does not
33 recognize the previous agreement. Atty. Solis added that the idea is prejudicial on the part of the
34 HOA because the homeowners will shoulder an obligation that is not necessary.
35

36 Atty. Solis also explained that if the basis of the agreement before is the resolution which is null
37 and void, it will not bind the subsequent directors. Looking at the legal aspect, the attorney
38 added that the HOA is in the right position, however, in a negotiation, he said that the board

2 should also consider things that can be settled. Dir. Navarro said that the proposal offered by the
3 CLI is just a strategy and suggested to review it carefully if it will be generally fair to HOA.

4 Based on the board's analysis, Atty. Solis explained that after deducting the financial claim of
5 HOA (which is equivalent to around Php 2 Million excluding the Php 6 Million 60% share) from
6 the cost of the remaining works which is Php 5.4 Million, there will be a remaining amount of
7 more than Php 3 Million. He said that the board needs to clarify the matter if CLI is willing to
8 shoulder the remaining amount or will be considered as advance payment of HOA for the
9 previous association dues.

10
11 Atty. Solis added that if the HOA will pursue the filing of the case with HLURB, the CLI will counter
12 charge the HOA of the financial claims stated in the counter proposal.

13
14 Mr. Dayrit commented that basically, the demands of the HOA are not determined in amount
15 because the HOA only prays for completion of the repair and the renovation.

16
17 To summarize the main points of the HOA, the chairman affirmed the following statements as to
18 the position of the board:

- 19
20 1. HOA will never agree with the Item No. 1 in the counter proposal as the HOA strongly
21 believes that the renovation is still the absolute responsibility of the developer.
22
23 2. The association dues amounting to more than P 2 Million stated in Item No. 2 is the CLI's
24 account receivables from the lot owners prior to HOA inception. It is still the duty of the CLI
25 to collect it from individual home and lot owners. Accordingly, the CLI collected maintenance
26 dues (supposedly for the maintenance of the subdivision) from the owners prior to the
27 formation of HOA in 2016. Atty. Solis added that it is personal liability of the individual lot
28 owners and should not be charged to the association. Nevertheless, the CLI may also request
29 the HOA to collect the previous dues on their behalf. As to the claim of the CFO, Dir. Navarro
30 mentioned that the HOA already remitted to CLI part of the association dues collected by the
31 HOA thru the then Treasurer, Mrs. Sonia Tuburan the amount due to the developer, as they
32 believed that the money belongs to CLI. The attorney advised the board to reconcile the
33 records first and present to the CLI the details for clarification purposes.
34
35 3. As per Item No. 3 concerning the Php 1,315,680 Million CLI claim, the chairman said that the
36 CLI was referring to the share of HOA for the services of security guards at the main gate for
37 the period July 2017 up to June 2018. The chairman admitted that the HOA has the obligation
38 to pay for its share; however, he believes that said amount should be verified first as HOAs

2 from Phuket, Bali and Racha and the CLI too, supposedly share for the expenses. Dir. Orias
3 suggested asking CLI for comprehensive details of payment made for security services.

- 4 4. The chairman said that same applies with Item No. 4 concerning the Php 248,596.95
5 supposedly HOA share to the janitorial services. Atty. Solis suggested to also ask for a copy of
6 agreement with the company for janitorial services for board's reference.
- 7
- 8 5. With regards to Item No. 5 on HOA's obligation for water/electricity consumption in the
9 amount of Php 187,943, Dir. Navarro commented that the HOA does not actually pays for
10 water/electricity the HOA utilize for maintenance of the subdivision. Again, the question of
11 non-turn over still applies to the issue.

12

13 Based on the board's assessment, the chairman suggested requesting the CLI to formalize their
14 counter proposal indicating exact computation and every detail of the different issues (including
15 supporting documents) for thorough review of the board to clarify discrepancies. He said that the
16 HOA cannot decide until the details of all the expenses and the estimates have been reviewed by
17 the board. After all, both parties are still in the open negotiation stage.

18

19 Dir. Navarro suggested exploring the possibility of meeting half-way although he believes that
20 the HOA is in the advantageous position with regards to the legal aspects of the case.

21

22 As a solution, Atty. Solis recommended the following propositions:

- 23
- 24 - CLI will finish the remaining works of the club house, the swimming pool and the perimeter
 - 25 fences
 - 26 - Both parties will disregard each claim
 - 27 - No more talk with the other issues except on the remaining works which cost P 5.4 Million as
 - 28 per CFO

29

30 Dir. Navarro said that since the issue on the Php 10 Million expenses will be excluded in the
31 negotiation as per Attorney's suggestion, the HOA may not need to request from CLI the
32 details/break down of its expenses.

33

34 Dir. Orias also said that if the CLI will insist on demanding financial claims, the board may also
35 mention another undeliverable of CLI which is the mini swimming pool and is equivalent to Php 2
36 Million to compensate for the HOA obligations. Dir. Navarro said that the cost for the mini
37 swimming pool should have been firstly deducted from the alleged Php 10 Million expenditures.
38 According to the chairman, the matter will be clarified when the detailed computation has been
39 presented by the CLI.

2 Dir. Orias added that if the CLI has indeed a legal claim on some items, that's the time that the
3 HOA will review the details. From his calculation, the director said that CLI has almost Php 2
4 Million collectible from HOA while the HOA has Php 2.4 Million collectible from CLI. In addition,
5 there is Php 5.4 Million estimated cost for the remaining works of the club house, the swimming
6 pool and the perimeter fences which is supposedly to be shouldered by CLI. Based on the
7 computation, Dir. Orias concluded that the supposed offsetting will equalize both parties'
8 accountabilities.

9 Dir. Navarro suggested that if the CLI will stand firm on their position during the negotiation, the
10 board may give them a hint that the ultimate prayer of HOA is to cancel the developer's license
11 to sell. The director believes that the law will be in favor of the HOA's side due to a lot of
12 technicalities on the part of the developer.

13 Atty. Solis explained that if the HLURB decision will be favorable to HOA, the CLI might elevate
14 the case to the Supreme Court wherein the proceedings will take years. He also noticed that
15 some of the CLI claims in the counter proposal are not included in the issues being addressed by
16 the HOA. If the HOA pursues with the legal proceedings, said CLI claims will also be thrown
17 against the HOA. During the initial hearing, there will be a negotiation between HOA and CLI if
18 both parties are willing to talk about the legal compensations. If the settlement will not work,
19 everything mentioned during the initial negotiation will be disregarded. In his opinion, the
20 chairman commented that he really doesn't want to go to the Supreme Court as HOA might be
21 deprived due to the long court battle. The board decided to negotiate and make a settlement
22 with CLI based on their discussions.
23

24 **B. Initial Negotiation with CLI**

25 Atty. Solis presented to Mr. Sanchez the unofficial response and opinion of HOA to the CLI
26 counter proposal and informed the CFO of the HOA position on the following issues:
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- 28
- 29
- 30 A. 60% HOA share to the renovation project cost. The present board (the duly constituted HOA
31 Board of Directors) has no obligation as it does not recognize the actions of the previous
32 board. Under HLURB guidelines, CLI cannot nominate members of the board from the
33 developer's side. The resolution which is the basis of the previous agreement is not valid as
34 there was no quorum when it was adapted. Although the HOA is not amenable to the 60-40
35 sharing, the attorney informed the CFO that the HOA would like to know the complete details
36 and the breakdown of expenses pertaining to the Php 10 Million expenses incurred for the
37 renovation project. As per his understanding, the CFO said that the CLI has already provided
38 the HOA a copy of the detailed breakdown. The chairman said that there were unclear
39 deficiencies in the list especially in the computation provided by CLI.

