

## Committee Meeting May 31, 2011 meeting - 10am Spanish time

### Order of the day:

1. Finance Quarter 1 2011.
2. TV treatment
3. Debtors Process
4. Format, the dates of the next General Shareholders' Meeting
5. Presidents update the measures since the last committee meeting including issues for discussion.
6. AOB - Next meeting Tuesday, June 28 Spanish time 2011-10am.

### Finance Quarter 1 2011.

The deadline for spending in line with the budget in general terms for total.

Articles on the budget were discussed.

Future management information needs will be defined and discussed with Resortalia.

### TV deal

The information sent to the Presidents of the Sub 78 Community on May 13 asking for the decisions of May 27.

### Rate Update:

Option 1 to 2

Option 2 -65

Tied - 1

No answer 10

Total 78

We have agreed to continue with option 2, the complete package, without prejudice to agreeing the terms of several contracts with A2Z including foreclosure clauses and execution clauses.

No start date is known at present, although we will try to be in operation before the holiday season.

### Debtors Process

Guidance on the pending fee collection process sent to Sub-Presidents of the Community on May 20, 2011 to ask them to make a decision as follows.

I need your permission as Sub community chairperson to follow us the attached guide, the owners of your building who have outstanding community fees.

If you are happy for me to monitor recovery of unpaid community expenses for this guidance please confirm by email.

OR

If you prefer to contact the owners yourself to discuss the outstanding fees it is your right to do so.

Please confirm by email if you want to serve as a liaison with Resortalia itself with respect to outstanding fees in your building.

I feel that having a common approach to the recovery of outstanding contributions will provide a consistency that we do not currently have and we recommend that you follow the guidelines.

If I have not heard from you before May 30, I will follow the orientation of outstanding fees in your building.

update Voting: 63 agreed, 12 no answer by default as agreed above and 3 do it themselves.

Total of communities combined Sub reserve fund available as of 3/31/2011: less 615

euros.

Of the Communities Sub 78, 43 are in the credit and 35 are in debt when the outstanding quotas are deducted from the reserves.

fees pending payment on 05/20/2011: 521027

Community expenses, our debt collectors UK, are chasing about 120,000 euros with 30 cases currently in the court process and the Executive Force Certificates planned for the end of July 2011.

In a communication to all owners detailing the process we will follow will be sent to all owners whose Subcom community is following the process.

Resortalia are key for the work process, from notifying the owners within 2 business days of having been informed a direct debit has been returned. The whole process depends on being right from the beginning.

Within a few days I will be given Internet access to our archives with the UK collector so you will be able to see what steps are being taken in each outstanding case, just like Resortalia.

Format, the dates of the next General Shareholders' Meeting

2012 AGM are planned for the week of March 12, 2012.

We talked about the format of the next General Meeting of Shareholders and 7 of the 8 members of the committee prefer to have a General Meeting of Shareholders.

We will work with Resortalia's General Board format and also intend to modify proxy forms to include questions on topics to be discussed at the General Board to allow owners to give their vote with the goal of involving more people in decision-making processes.

This work is in the initial stages of planning and more information will be provided by the end of the year.

Presidents updated the measures since the last meeting of the committee.

Contracts

Kone Lifts

I am pleased to tell you that Kone have agreed to provide the same level of service they currently receive and have agreed to repair the damage caused by the entry of water at a cost of 69 euros per lift per month plus VAT give a figure of 81.42 euros VAT included per month increase that includes maintenance, parts and labor during the current period and the price will be retroactive to 01.01.2011.

The cost implication of this reduction to our current contract is as follows:

Cost as of 31/12/2010 - 112.10 euros VAT included per month elevation =  $112.10 \times 221 \times 12$  months lifts giving a cost of 297,289.

New cost from 01/01/2011 - 81.42 euros VAT included per month elevation =  $81.42 \times 221 \times 12$  months lifts giving a cost of 215,925.

This gives our Sub communities a combined savings in 2011 of 81,364 euros based on cost as of 12/31/2010.

In the remaining 8 years term, this could save 650,912 euros.

Annual costs will continue to grow in line with inflation.

I would like to record my thanks to Isaac Abad and Antonio Escalera, who played a key role in our conversations with Kone.

Resortalia are in contact with Kone to make sure they receive a discount on last year's contract for lifts that did not work for 15 days in any given month.

Water

At the last meeting of the committee he told us:

We have to control the quality of the irrigation water used and should try to renegotiate some form of measuring the quality below which lower rates of use are paid.

In the past we have seen in alternative and successful water supplies. I want to explore more ways to see this problem, including alternative water sources, attempt to renegotiate the water contract, look at the times of the irrigation system works ensuring that it is done in the cooler hours of the day to avoid excessive evaporation and review the plants and flowers we use to make sure we use those plants and flowers that require less water. There are many different ways to see the same problem and ideas on this topic are welcome.

Since then, the measures taken is to request STV to ensure the water from the sprinklers during the night and to finish before 8am in the morning and to review the irrigation system permanently to fix the leaks that develop. Water requirements were also considered when the selection of plants and flowers are currently being planted.

If the owners see the sprinklers working during the day for more than 20 minutes, please advise that Resortalia asks you to STV to investigate. Irrigation water is expensive and with the surface area our gardeners take care that it is not possible for them to spot any potential problem of themselves.

I have asked Antonio Escalera to create a project team to consider our alternative water supply options.

We will monitor the quality of the irrigation water and seek a meeting with the CREA that supply us with irrigation water.

#### Gardens

Replanting the gardens has begun adding much needed color to the station. Must be completed before June 4.

STV have begun to eliminate dead palm trees that will not be replaced due to a combination of cost and danger of infestation by the red weevil, the red beetle of the palm tree found in the Region of Murcia and kills the palm trees.

Those from within the pool area will be eliminated and the flowers will be planted in place and the dead hands palms outside the pool area will be reduced to ground level.

The main fountain area will have a 1 meter ring of geraniums planted in a line with palm trees surrounded by 1.5 meters of white gravel. Hopefully this will provide an improved visual look to that area at a relatively low cost.

Antonio and I have met with STV and reviewed the maintenance of the Local Land Authority with the aim of reducing costs. STV have presented an idea for the grass area next to the perimeter fence along the golf course, facing phase 4 to die off the irrigation supply. With the cost savings both in maintenance and irrigation water you could buy pine trees that would eventually give a pine forest that require minimal maintenance and water. We expect appointments and will consider this suggestion at a future meeting.

We have been able to reduce the cost of such a contract due in part to the fact that The Garden of Cason is also land local authority and owners want to keep to a high standard. The Committee considered the option of reducing the maintenance of El Jardín de Cason to obtain a small reduction in maintenance costs, but unanimously agreed that the garden should be maintained at its current level.

We have received offers of around 7,500 euros to put gravel in the areas in the apartments again on the golf course with only a small plot of our side of the golf course which is composed of mud and weeds and it is difficult to walk on wet.

The main areas affected are in stages 1,2 and 3.  
The decision will be taken at a forthcoming meeting.

### Swimming Pools / Fountains

I have met with the pool company to discuss the costs of the sources and have provided this information to the Committee.

At this time we are above the budget of this contract due to the amount of new parts needed to keep the pools working. The last committee, quite rightly, asked the pool contractor to review our equipment and replace the broken parts in the first quarter and that has cost us more than 12,500 euros.

This review is ongoing as we try to ensure pools work properly in the hottest months. Resortalia have checked the expenses of the purchased parts and have confirmed our contractor is obtaining good prices for us.

I have also asked the pool company and Resortalia to monitor the use of water in each pool as it increases in use could be a sign of leaks or other problems leading to additional water costs.

Many owners have asked me if we could have a heated pool in order to consider their request that I have asked for estimates to convert an existing pool and for the ongoing maintenance costs.

I am waiting for the appointment for a heated pool and I am waiting for the figures around the 30,000 euro mark.

The response from the owners I have received has been mixed with the same number as they want a heated pool and others thinking it is a waste of money.

It may be a decision that will lead to the next Ordinary General Meeting of owners to decide.

For more information, I visited the Valley last week to look at their facilities and I was impressed by the sun loungers around the apartment pool with a El Valle logo on them.

I returned again on Monday to Antonio Esalera and Locke Ron and get special prices for our station to consider at a future meeting.

I feel to offer our own sunbeds has many benefits for homeowners, but as with everything, cost plays an important role in decisions regarding additional facilities.

### Fumigation

I've met the fumigation contractor.

Treatments against mosquitoes in lakes: I have asked Resortalia to contact Polaris World to try to ensure the lakes are treated at the same time as the common areas to make treatments as effective as possible and told me Polaris World and treat the lakes on a monthly base basis.

- Health certificate covering legionellosis in small sources: Pepa spoke with Javier "Atlantis Campoamor", the pool maintenance company, and he will check the cost of the treatments needed to give the health certificates for the sources. I understand that the certificates are not mandatory currently in Murcia and have asked Isaac to confirm that, to avoid unnecessary costs. The company trusts that the pool's chlorine levels in the fountains are more than enough to kill any legionnaire's disease and we feel we are not at risk.

- Spraying Against Wasps: There is no real problem, however; however, I have been given an option that can help and judgment if the problem gets worse before committing to extra work.

- Palms and Red Weed treatments: We are discussing options with STV and have a disagreement about the number of treatments that are provided. We will continue discussions at future meetings.

### Communication

The secure forum has been up and running for about 6 weeks and we are continually receiving new registration requests. We have 1032 registered users as of May 18, 2011 and are receiving 5,500 up to 6,000 visits per week on the web.

The website will be redesigned in the coming months and I am in contact with a number of web designers.

I can find the website side of things is too long for me and have asked the president of Laurel 1 in Phase 3, John Millroy, to help me. I hope I can start to pass things to Juan when he is next to Hacienda Riquelme.

I have hired up to date five sponsors who have each paid 100 euros to website costs in exchange for advertising on our site and I am in talks with two more. This should provide sufficient funds to pay for the site to be redesigned.

The forum has had a number of discussions around revenue generation, station upgrading and cost saving ideas and instead of taking hasty decisions at committee meetings. I have asked Ron Locke to lead a project team to take full account of the ideas received from the owners and to report to future committee meetings.

I think we have made a good start to providing transparent communication and we have to keep improving.

I have asked Isaac to consider updating the automatic message sent when Resortalia contact owners give the owners an idea of when they can expect a response and we will continue to discuss this issue in our weekly meetings.

The Golf Society already has its own website.

#### Inter Resort Meetings

I have met with the presidents of La Torre and El Valle accompanied by our vice presidents, Locke Ron and Antonio Escalera.

La Torre - Saturday, May 28, a good meeting with potential to work together on future contract needs.

El Valle - Monday, May 30, again, a useful meeting and we will keep in touch.

I want to investigate the economies of scale in using the same contractor at reduced prices for the three stations.

Future meetings are planned with other resorts.

#### Polaris World Issues

We have written to Murcia City reissues Hall pending PW and that could lead to a potential garnishment in the deposit of PW funds.

We have submitted the agenda items for a proposed meeting with the PW chairman, which includes relocation of the storage area of Phase 7, removal of the old bar, a supermarket and golf cart park and the completion of the perimeter fence around Phase 6/7.

The red tubes outside Phases 2 and 6 have been removed.

The police are looking to organize a meeting at our request to examine traffic issues in the locality, speed limits, no parking areas etc. Protecting the owners is a high priority.

I have asked Isaac to get quotes from our architect to check the outer area of Thyme 5, locally known as the cliff, to make sure we are in no danger of landslides or earthquakes. Isaac has contacted our architect confirming our levels of building insurance coverage is correct.

#### Statutes

In my opinion, the bylaws should be something that follows the letter.

Unfortunately, the statutes inherited from Polaris World are not fit for this purpose and the need to be rewritten to reflect the current and future needs of our community.

I will begin this process shortly in order to present the options for the owners of the vote at the next Ordinary General Meeting.

## EUCC

I am not comfortable that we have been enough deal in the agreement between the Polaris World Murcia and the City Council and request legal advice specialized in this subject, especially having to pay for street lighting.

I hope to be able to arrange a meeting with the mayor of Murcia to discuss this issue in the coming months.

## Garage Storage Rooms

I have asked Isaac to review the ownership of the storage garages and will report on it at a future meeting.

## Fire station

Polaris World has met our technical requirements, so they have decided to adopt the pumping station.

## Contact Us |

I have asked several quotes to improve the resource to be considered in future meetings, for example, the creation of names of Spanish tiles either inside or outside buildings.

## Any other kind of business.

### Hammocks

We agree to apply the same approach as last year regarding pool furniture during the summer period.

In June, a document will be prepared for the owners and delivered by security upon arrival detailing pool rules and safety considerations, eg speeding and leaving building doors unlocked which increases the chances of theft.

This should be available from the beginning of July.

## Request of El Cason - live music 11 p.m.-1 a.m. on Saturdays during the summer.

We have acceded to the request of El Cason to provide live music on Saturday nights during the summer period.

They have been asked to guarantee the entertainment finishes for the 1 and to keep the noise levels as low as possible.

If noise levels become a problem we will have to review our agreement.

## Pest control.

### The wild cats

I've asked Resortalia to get quotes to capture and relocate the wild cats in the locality.

They are mainly around the old supermarket area, but when that building moves you can move to the terraces that many owners do not want.

Any measures taken shall ensure that cats are not harmed.