

**Ordinary General Assembly of the  
Owners Association of Club Puerto Calma**

*("Comunidad de Propietarios del Complejo de Apartamentos Club Puerto Calma")*

An Ordinary General Assembly of the Owners Association of Club Puerto Calma ("**Owners Association**") is held on 5 December 2013. First call at 16:00 pm, second call at 16:30 pm.

Meeting held at Hotel H10, Meloneras, San Bartolomé, Gran Canaria, Spain.

Assistance and representations

- **Holiday Club Canarias Sales & Marketing S.L.U.**, holding 2,027 votes equivalent to that number of weeks ("*co-ownership shares*"), represented during the meeting by Mr. Roberto Picón.
- **Holiday Club Canarias Resort Management S.L.U.**, acting as administrator of the Owners Association, representing owners holding 348 weeks ("*co-ownership shares*") by way of proxies granted for such purpose, represented during the meeting by Mr. Pasi Rautanen.
- **Ms. Carin Emblad** representing owners holding 122 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Nils Fredrik Braathen** representing owners holding 9 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Holger Piepgrass** representing owners holding 93 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Ms. Lena Pérez** representing owners holding 18 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- 25 **Owners** attend in person to the meeting, representing 43 votes. They are British, French, German and Scandinavians, according to the list attached.

The Secretary explains to the attendees that in order to secure proper recording of the name of attendees, the number of votes that each owner has and the casting of votes, a prior procedure has been established so that the owners interested in attending the meeting have indicated their wish in advance, and the list of attendants can be prepared on that basis. Nevertheless Ms. María Martínez goes around the attendees in order to check any additional attendee.

Proxy holders have likewise informed the administrator in advance.

The meeting starts on time.

Presentation of the Chairman of the Meeting and of the participants

Mr. Calvin Lucock acts as the Chairman of the Owners Association and Mr. José Puente acts as Secretary of the Owners Association, as they were elected in the last meeting of the General Meeting of the Owners Association of Club Puerto Calma held on 6 December 2012.

It is agreed by all attendants that Mr. Calvin Lucock shall act as Chairman of this Meeting, and that Mr. José Puente shall act as Secretary of this Meeting.

Presentation of other participants:

1. María Martínez
2. Roberto Picón
3. Claudia Esplá
4. Pasi Rautanen
5. Ilona Kievits (for the minutes)

#### Language of the meeting

In accordance with past practices, since the majority of the owners attending this meeting speak English, it is agreed that the meeting will be held in English. Short summaries of the issues discussed are made in Swedish and French. The Chairman indicates that there are also resources available to translate into Finnish, German and Spanish but since no owners present require that, it is not necessary to make those translations. He apologises with the Norwegians and Danish present but is confident that with the English and the Swedish translation they will be able to follow the meeting.

The General Assembly was called by means of a letter sent by the Administrator of the Owners Association, as established in the by-laws of the Owners Association.

Being present or represented owners holding a total number of 2660 weeks, the meeting is considered as duly convened and constituted in second call. The Chairman declares that the General Assembly is validly formed, without any attendant making any protest or reservation, in order to discuss the following

#### **AGENDA**

1. Minutes of the previous General Meeting
2. Report from the Administrator Holiday Club Canarias Resorts Management S.L.U. on the year 2013
3. Status of the reparation and renovation fund and of the uses given to the fund
4. Report of the Services Company on the Statement of Income and Expenditure of the Owners' Association for 2012
5. Report of the external auditor of the Statement of Income and Expenditure of the Owners' Association for 2012
6. Report on the repossession by developer of weeks of owners in default and income generated as a consequence of the payment of maintenance fees and positive impact of this in the bad debt provision for 2014. Prorogation of the 2011 resolution
7. Report on the collection efforts of the maintenance fees carried out by the Administrator
8. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. for rendering services to the resort and the unit owners for year 2014 and its approval, as the case may be

9. Report on the balance of the loan granted by Holiday Club Canarias Sales & Marketing S.L.U. to the Owners' Association in connection with the deep maintenance works of 2012
10. Appointment and/or renewal as appropriate, of the Chairman of the Owners' Association
11. Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners' Association
12. Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association
13. Questions and answers

After having been discussed are then unanimously – except as otherwise stated - passed the following

## **RESOLUTIONS**

### **1. Minutes of the previous General Meeting**

The Secretary explains that the Minutes of the General Meeting held on 6<sup>th</sup> December 2012 were drafted according to the law and the authorization granted by the owners and approved by the Chairman and Secretary. The Secretary informs that the minutes were uploaded into the webpage [www.hccanarias.com](http://www.hccanarias.com)

The Secretary states that the Minutes were prepared duly after the meeting within the deadline of 10 days agreed in meeting and they were uploaded on to the webpage on due time.

The Secretary indicates that the minutes are valid with the signature of the Chairman and Secretary, but he asks the attendees for comments or remarks on the minutes of the previous meeting. No owner raises any objection or remark.

The minutes are thus acknowledged by all attendees and no additional comments are made.

### **2. Report from the Administrator Holiday Club Canarias Resorts Management S.L.U. on the year 2013**

The Chairman updates on the developments of year 2013 and addresses the following issues:

- The refurbishing of the Urban Bar
- The Lemmon tree restaurant
- Repossessions (to be further discussed later on)
- The hiring of a debt collection company
- The Services Company is more or less on budget

The Chairman introduces the questions and motions raised by owners that have been sent in writing to the Administrator before this meeting. The Chairman briefly explains them and refers them to the final item of the Agenda regarding questions and answers. All owners are in agreement with this.

The Chairman reminds that there is a website [www.hccanarias.com](http://www.hccanarias.com) and that all information for this meeting has been uploaded into that page. All owners were informed about that in the calling of the meeting. The intention is to further develop that page as a communication tool, so that each owner will have an own access code. Any documentation related to the Owners Association meetings can be extracted from this page.

### **3. Status of the reparation and renovation fund and of the uses given to the fund**

Mr. Roberto Picón explains the situation of the funds. As per 2013 budget, the total amount of the renovation is €42,059.82. These funds have not been used in year 2013. So as of 31 December 2013 the total amount would be available.

In the 2014 meeting, an update as regards the uses of the renovation fund will be provided, if applicable.

Chairman requests an authorisation in favour of the Administrator to use the funds if necessary for renovation works during 2014 or future years, acknowledging that a full report will always be provided to the Owners Association on the uses and expenditure of the fund.

Mr. Braathen gives his consent on the condition that fund will be used for exceptional use and emergencies only.

A voting takes place and all owners vote in favour. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

⇒ the Administrator is authorised to use the funds available in the reparation and renovation fund during 2014 in order to devote the funds to any reparation or renovation purposes.

### **4. Report of the Services Company on the Statement of Income and Expenditure of the Owners' Association for 2012**

The Chairman explains to the owners that a Statement of Income and Expenditure for the whole year 2012 has been prepared. This is the first complete year where Holiday Club Canarias Resort Management S.L.U. has managed and provided the services to the resort. Mr. Roberto Picón explains the Statement and the total amount of actual expenses incurred in that period. For comparison purposes the budget for 2012, approved in December 2011, has been used. The main conclusions are as follows:

- (a) The budget approved in 2011 for year 2012 forecasted a total amount of expenses for 2012 of 1,416,176.04 Euros.
- (b) The actual level of expenses to third parties amounted to 1,152,469.94 Euros. However this level of expenses does not take into account the fact that the administrator was entitled to a 15% margin fee or any amount to the creation of the renovation and replacement fund.
- (c) The actual level of collected maintenance fees in 2012 amounted to 895,873.28 Euros, however due to the repossessions during the year, there was an extraordinary income of 150,390.57 Euros which gives us a balance of 1,046,263.85€
- (d) The comparison between budgeted and real figures show a deficit of 106,206.09 Euros due to the amount of unpaid maintenance fees of 488,272.26 Euros. This deficit is explained. Mr. Picón explains that Holiday Club Canarias Resort Management S.L.U. has absorbed 100% of this deficit through the decrease of its administration fee.
- (e) The renovation/reparation fund could not be actually created as a consequence of the delinquency in the payment of the maintenance fees.

- (f) The final fees obtained by Holiday Club Canarias Resort Management S.L.U. amount to 44,116.08 Euros against the due amount of 150,322.17 Euros, which is 15% of the actual expenditure.

Mr Piepgrass wants to know who was responsible for the forecasted figures in the budget of 2012. The Chairman explains that the budget for 2012 was prepared without having previous year's details which were not supplied by the Puerto Calma Group and therefore the forecasted figures were based on "best estimates" on what should be the cost but not on actual figures. Due to this fact the budget for 2012 was not in line with actual expenses, and therefore the fees of the services company were substantially reduced.

The Chairman explains that the decisions taken last year show already results and thanks to them there is now only a slight increase in the maintenance fee. The Services Company will continue doing its utmost to significantly reduce the bad debt provision.

Ms Perez wants to know how many of the weeks that were repossessed by Holiday Club Canarias Sales & Marketing S.L.U. were actually sold and why this does not reflect in the report. The Chairman explains that Holiday Club Canarias Sales & Marketing S.L.U. is a separate commercial company and that currently more weeks have been repossessed than sold. The Chairman indicates that the records from Holiday Club Canarias Sales & Marketing S.L.U. are public and anyone is welcome to view the figures.

A British owner inquires about the financing cost of the services company due to the fact that a substantial percentage of clients did not pay on time in 2012. The Secretary indicates that this is actually a cost that has been borne by the services company and not charged so far to the Owners Association. The Chairman explains that the services company enjoys the support from its Finnish mother company that has loaned monies at an intercompany interest rate of Euribor + 1%.

The Chairman reminds to the owners that the company Holiday Club Canarias Resort Management S.L.U. has already carried out a substantial cleaning up work, where the outstanding debts of the Owners Association towards the maintenance company have been cleaned. Furthermore, with the help of Holiday Club Canarias Sales & Marketing S.L.U., the number of clients that were not paying the maintenance fees back in 2011 has been substantially reduced and for future years the situation of the Owners Association should be healthier, since the current clients are interested in paying the maintenance fees for continuing enjoying their weeks, and on top of that Holiday Club Canarias Sales & Marketing S.L.U. has repossessed weeks and assumed the obligation to pay the future maintenance fees until it sells them to new customers, who will be then interested in enjoying their weeks, so that the delinquency in respect of the related maintenance fees will be substantially reduced.

The Chairman refers to the explanation from Mr. Picón on the Statement of Income and Expenses of 2012 and underlines the fact that although there were almost 500,000 Euros not collected in 2012, Holiday Club Canarias Resort Management S.L.U. continued rendering the services and due to the lack of funds, it was not able to receive the administration fee that it was otherwise entitled to. This is another token of the commitment by Holiday Club Canarias Resort Management S.L.U. to provide stability to the Owners Association.

In the past the difference between the budgeted maintenance fees and the collected maintenance fees was considered by Group Puerto Calma as a receivable in favour of Group Puerto Calma. However, this is not Holiday Club Canarias Resort Management S.L.U.'s approach.

In the light of the above and in line with the approach taken, it shall be however acknowledged that going forward Holiday Club Canarias Resort Management S.L.U. should be entitled to receive any further collection of outstanding maintenance fees relating to previous years (2012 and 2013). Most specifically any further payments to be made by Holiday Club Canarias Sales & Marketing S.L.U. as a consequence of repossession of weeks in 2013, 2014 and future years should be in favour of Holiday Club Canarias Resort Management S.L.U., since this is the entity that as of today has borne the burden.

A voting takes place and all owners vote in favour. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ Holiday Club Canarias Resort Management S.L. should be entitled to receive any further collection of outstanding maintenance fees relating to previous years (2012 and 2013).
- ⇒ Any further payments to be made by Holiday Club Canarias Sales & Marketing S.L.U. as a consequence of repossession of weeks in 2013, 2014 and future years should be in favour of Holiday Club Canarias Resort Management S.L., since this is the entity that as of today has borne the burden.

#### **5. Report of the external auditor of the Statement of Income and Expenditure of the Owners' Association for 2012**

The Chairman introduces this point of the agenda and asks Ms. Claudia Esplá to explain the audit analysis carried out by the auditor RSM Gassó. The audit analysis is referred to year 2012. The report is shown in the screen in Spanish and English. A full copy is available in the web page [www.hccanarias.com](http://www.hccanarias.com).

Ms. Esplá explains that the expenses are booked in the accounts of the services company and the auditor has verified that:

- (a) The auditor has seen the real Statement of Income and Expenditure of the year 2012
- (b) Expenses are duly recorded in the accounts and correspond to actual invoices;
- (c) There is an analytical accounting in Holiday Club Canarias Resort Management S.L.U. in order to allocate the expenses to the different resorts;
- (d) The real Statement of Income and Expenditure of Club Puerto Calma is in line with the accounting of Holiday Club Canarias Resort Management S.L.U.;
- (e) The amount of expenses allocated to Club Puerto Calma is reasonable, i.e. respond to a rational parameter of allocation.

The Chairman clarified that, although the request for an external audit report was made by the Owners Association, the respective cost was absorbed by Holiday Club Canarias and it is not shown in the budget.

#### **6. Report on the repossession by developer of weeks of owners in default and income generated as a consequence of the payment of maintenance fees and positive impact of this in the bad debt provision for 2014. Prorogation of the 2011 resolution**

The Chairman asks Ms. María Martínez to explain the measures carried out during 2013 for repossessing the weeks of owners in default in the payment of maintenance fees. Ms. María Martínez submits to the attendees a report on the repossession and it is shown in the screen.

Ms. María Martínez informs that in the previous meeting in December 2012 it was forecasted that Holiday Club Canarias Sales & Marketing S.L.U. would repossess 500 weeks in 2013. The number of repossessions is in line with the budget.

The positive impact of this in the budget of 2014 is explained: it is expected a reduction of the delinquency rate from 46.14% down to 15.70%.

The Chairman states that Holiday Club Canarias Sales & Marketing S.L.U. has already shown a high commitment in pursuing the repossession since it has assumed the liability to pay the future maintenance fees for the repossessed weeks. In other words, the immediate consequence of this is that for 2014 Holiday Club Canarias Sales & Marketing S.L.U. will have to pay a substantial share of the total budget, and this is an amount that will be paid for sure. Holiday Club Canarias Sales & Marketing S.L.U. is ready to continue with this effort that will have a positive impact in future years. However Holiday Club Canarias Sales & Marketing S.L.U. is not willing to continue paying the outstanding maintenance fees upon the moment when it purchases. It is ready to pay the outstanding maintenance fees up to the amount forecasted in the budgets for 2013 and for 2014 but not any additional amount. Readiness by Holiday Club Canarias Sales & Marketing S.L.U. to continue repossessing is strictly subject to this condition. If it is not accepted, it will not continue repossessing weeks.

A debate is held on this issue, and the majority of owners are ready to accept this requirement.

It is then stated that if this is accepted, Holiday Club Canarias Sales & Marketing S.L.U.'s forecast for year 2014 is to repossess up to 300 weeks. This will have a positive impact in the accounts for 2014, since this would mean that the related maintenance fees – that otherwise would not be collected - will be paid by Holiday Club Canarias Sales & Marketing S.L.U. plus the extraordinary income will amount in 2014 to 87,000 Euros.

Chairman requests that the 2011 resolution is extended for the future, with the clarifications made in the resolution passed in item 5 of the Agenda above and accepting the condition stated by Holiday Club Canarias Sales & Marketing S.L.U. A voting takes place and all owners vote in favour. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ Holiday Club Canarias Sales & Marketing S.L. is authorized to continue repossessing weeks of clients in default in the payment of their maintenance fees and in those cases it will pay to Holiday Club Canarias Resorts Management S.L. the maintenance fee corresponding to 2013, or to 2014, as the case they may be depending on the year when the repossession takes place, but only up to the budgeted amount for each year. Upon repossession of weeks Holiday Club Canarias Sales & Marketing S.L.U. shall not have to pay any outstanding maintenance fees above the budgeted amounts of "Extraordinary income" for 2013, or to 2014, as the case may be. Any amounts so received will be considered as "Extraordinary income" but only up to the budgeted amount by way of "Extraordinary income".

⇒ Holiday Club Canarias Sales & Marketing S.L. is authorized to continue repossessing weeks of clients in default in the payment of their maintenance fees after 2014 and in those cases it shall not have to pay any outstanding maintenance fees in such cases.

Owners are asked to acknowledge the good will shown by Holiday Club Canarias Sales & Marketing S.L.U. in securing the stability in the future of the club and understand that this is a voluntary intention but it does not imply any obligation to do so.

Ms Perez congratulated the Chairman on the achievements.

## **7. Report on the collection efforts of the maintenance fees carried out by the Administrator**

As part of the management tasks Holiday Club Canarias Resort Management S.L.U. has increased its efforts to collect the maintenance fees. Holiday Club Canarias Resort Management S.L.U. thinks that these efforts are a substantial part of its function as Administrator and this contributes to the benefit of all owners that want the resort to be properly maintained and that all owners pay their relevant share of the costs.

Holiday Club Canarias Resort Management S.L.U. has carried out following steps:

1. It has started a structured program for contacting clients and staff at Customer Services has contacted all defaulting clients, has requested payment from them and has followed up with this. This has proven to be successful and many customers have voluntarily agreed to pay their maintenance fees.
2. If telephone conversations and emails contacts have not lead to a fruitful outcome, Holiday Club Canarias Resort Management S.L.U. has sent written reminders.
3. Only once the written requests have been unsuccessful, Holiday Club Canarias Resort Management S.L.U. has entrusted the collection efforts to a specialised company operating throughout Europe, called Intrum. The referral cost per customer amounts to a flat fee of 27 Euros per customer and a success commission of 14% of the amount collected.
4. Intrum has collected 231,617.08 Euros of outstanding maintenance fees at Club Puerto Calma.
5. All these measures have contributed to the fact that the delinquency rate in 2013 is at 19.58% in comparison with 35.28% in 2012.

If the above measures have not worked out, then the cases have been forwarded to Holiday Club Canarias Sales & Marketing S.L.U. as a repossession candidate. The extra costs of Customers Services related to these efforts are reflected in the budget.

A British owner asks why clients in bad debt are not contacted and offered to return the respective week/s to the Owners Association. The Chairman explains that if this was the case, the Owners Association would be liable for paying the related maintenance fees. The same owner suggests that Holiday Club Canarias Sales & Marketing S.L.U. should take back all weeks with unpaid maintenance fees. The Chairman explains that Holiday Club Canarias Sales & Marketing S.L.U. has already repossessed more weeks than required.



Another owner asks if there is a system in place for clients that want to pay but cannot due to financial problems. The Chairman explains that the human factor is being taken into consideration and solutions are sought for such clients.

The Irish owner asks if Holiday Club Canarias Sales & Marketing S.L.U. is making money with rentals from clients with unpaid maintenance fees. The Chairman explains that weeks can only be repossessed after a period of two years not paying maintenance fee.

The same owner wants to know if the purchase contract used for selling repossessed weeks is the same as previously used by the Puerto Calma Group. The Chairman explains that it is not the same contract but the underlying principle is the same: the sale of an ownership share in an apartment that entitles to the use of a week of accommodation. However Puerto Calma Group carried out its own sales of weeks and naturally Holiday Club Canarias Sales & Marketing S.L.U. did not buy those weeks (i.e. they were already sold) nor assumed any obligation under those contracts.

The owner also asks if there are any implications for weeks that are sold privately and what cost repercussions does it have. The Chairman mentions that the rights of use for privately sold weeks remain the same and referred to contacting the Customer Services department for detailed information on the cost implication.

Another British owner requests if repossessed weeks can be offered at wholesale price to existing owners that can pay for those weeks and launch an offer. The Chairman mentions that if this is the case, the purchase price should at least cover the cost of the week owned by Holiday Club Canarias Sales & Marketing S.L.U. and this should be done with care as weeks for sale do have a list price. The Chairman will look into launching an offer with a limited timeframe and without the involvement of sales representatives.

#### **8. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. for rendering services to the resort and the unit owners for year 2014 and its approval, as the case may be**

Mr. Lucock asks Mr. Picón to present to the owners the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. to the Owners Association to provide services to the Owners in 2013. The budget includes a grand total of 1,705,459.02 Euros as expenses. This budget proposal includes the total amount to be paid by all owners of weeks to Holiday Club Canarias Resort Management S.L.U. as consideration for the services the company will provide during the year 2014 pursuant to the standards based on which have been prepared for the corresponding budgets.

Mr. Picón explains the budget to the owners:

- It is underlined that against an increase of approximately 1% of the cost of living (retail price index) as per Government statistics, the budget has only increased in 1.08%.
- A 7.5% is forecasted for the reparation and renovation fund. The reparation and renovation fund will only be used for extraordinary expenditure, as the maintenance fee covers the maintaining of the resort and normal repairs.

- 5% of the maintenance fees is foreseen for the refund of the loan for the investment in the common areas.

A certain debate on the different positions of the budget takes place, and several owners raise questions on the budget.

Mr Piepgrass asks for an explanation of the new post on customer service and collections. The Vice-Chairman explains that this post has been now more detailed and refers to the explanation in point 7 of the Agenda, relating to a proportion of the salaries of staff collecting the outstanding maintenance fees, the customer services staff rendering services to the owners, human resources and services. In the past (in previous budgets) this position was not specified but was rather included in the global figures.

Ms Perez asks what the animation costs relate to. The Vice-President explains that this cost covers the salary of Julio and includes the related annual social security costs.

In the event that the budget is approved, the services company Holiday Club Canarias Resort Management S.L.U. will issue the corresponding maintenance fee to each of the holders of the week including the corresponding IGIC (i.e. VAT).

The Chairman asks whether the attendees have any objection to the budget. No owner raises any objection to the budget or wants to abstain, all owners show their conformity with the budget so that the budget is unanimously approved and the maintenance fees approved, with following additional measures:

- The services company will charge the total of the maintenance fees to the owners, splitting the total of the budget among the owners;
- Payment of the maintenance fees shall be made before 31 January 2014;
- Non payment of the maintenance fees on time will trigger a penalty as per the by-laws of the Owners Association.

#### **9. Report on the balance of the loan granted by Holiday Club Canarias Sales & Marketing S.L.U. to the Owners' Association in connection with the deep maintenance works of 2012**

The Chairman explains that Holiday Club Canarias Sales & Marketing S.L.U. granted a loan of 500,000 Euros to the Owners Association for financing the deep maintenance works of 2012.

As of today the repayment of the loan has been done as follows:

- Repayment in 2013: equivalent to 5% of all monies collected, estimated to be 75,000 Euros.

Taking this into consideration it's acknowledged the outstanding amount due to Holiday Club Canarias Sales & Marketing S.L.U. as of 30 November 2013 is estimated at 425,000 Euros.

The owners unanimously acknowledge the situation of the loan.

#### **10. Appointment and/or renewal as appropriate, of the Chairman of the Owners' Association**

Mr. Calvin Lucock is re-elected as Chairman of the Owners Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

Mr. Calvin Lucock thanks all attendees for their support and confidence.

#### **11. Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners' Association**

Mr. Roberto Picón is re-elected as Vice-Chairman of the Owners Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

Mr. Roberto Picón thanks all attendees for their support and confidence.

The Chairman states expressly his thanks for the services rendered by Mr. Roberto Picón as Vice-Chairman during 2013, which is confirmed by all attendees.

#### **12. Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association**

Mr. José Puente is re-elected as Secretary of the Owners Association in the terms foreseen in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

Mr. José Puente thanks all attendees for their support and confidence.

The Chairman states expressly his thanks for the services rendered by Mr. José Puente as Secretary during 2013, which is confirmed by all attendees.

#### **13. Questions and answers**

Questions and proposals of motions have been received. Ms. María Martínez explains to the owners the different questions posed and proposals arose:

- (1) Ms. Anne Smith raised the following concerns with regards to the refurbished apartments
  - Bathroom: (i) no hanging hooks, only space to put clothes in toilet; (ii) no lock on door; (iii) no grab rail in shower; (iv) shower head and shelf too high, very difficult to reach; (v) door handle doesn't fit properly.
  - Bedroom: (i) mirror over dressing table would be better than behind door; (ii) more drawer space needed; (iii) bedroom door will not close properly
  - Kitchen: (i) if the dishwasher is to be used efficiently, more pots are needed; (ii) tap is loose.
  - Wardrobe: (i) we have lost 1/2 of hanging space and when there are more than 2 people, this is very tight; (ii) the shelves are very useful but a few more closer together would be better so items wouldn't have to be piled on top of each other; (iii) the safe could do with being more at eye level for people with eye problems and back trouble; (iv) the false ceiling in this area is badly fitted.
  - Lounge: (i) extra drawer space and shelves in lounge would give useful storage space; (ii) a mirror would be helpful.

- Pool: (i) I thought it had been agreed in the past that potential buyers would not be walked around the pool area, but only brought to the top of the steps to look; (ii) there appears to be a shortage of umbrellas; (iii) the beds are placed so close to one another that you cannot get between to get on or off; (iv) more higher beds without arms would be useful for elderly people making it easier to get on and off.
- Entertainment: no evening entertainment provided this November and only 2 bingo games in a fortnight.

(2) Mr. Lennart Karlsson requested the following proposals to be presented and decided upon in the meeting

- Modems for rent in the receptions: (i) the number of internet modems in the receptions is far too low in each resort. As far as we have been informed the availability of modems is only about 10 % or less of the number of apartments. There is almost always a queue of owners who want to rent a modem and many owners in the queue do not get a modem at all. Mr. Karlsson proposed that (a) the Committee of the Owners Association should be requested to examine what number of modems at each reception is enough not to get a queue as mentioned above, and (b) the cost for purchasing of this number of modems could be included in the budget of each of the Owners Association provided that the modem rentals paid by the owners is an income for the Community.
- Equipment & outfit after the deep renovation of Puerto Calma: (i) We have been informed by the Chairman of the Owners Association that an Advisory Committee of Owners, as decided in the General Meeting 2010, was appointed to assist the Committee of the Owners Association in the planning & preparation of the renovation. Anyhow, our opinion is that the result of this work is satisfactory only to a certain extent. Mr. Karlsson proposed to decide upon the following proposals of improvements of (a) storage space for clothes and other personal things should be extended, for instance by placing a chest of drawers at the wall next to the TV wall panel. Especially when 3 or 4 persons are staying in a T1-apartment the storage space is far too limited, so we look upon this improvement as the most important one to be carried out. (b) there are also things in the apartment that either have a too low quality or are lacking, e.g. \*the frying pan (low quality) \*a tray in the kitchen (lacking) \*hooks in the bathroom (lacking), etc.
- Mr. Karlsson is sure that several other minor but for us owners important improvements, have been proposed by owners of Puerto Calma so the Committee of the Owners Association is requested to make a list of proper improvements and include the costs for them in the budget 2014 of the Puerto Calma Owners Association.
- The washing machine for common use is old and is for instance limited to only one temperature of the water. There is also a strong smell of mould in the room. Mr. Karlsson proposed a new washing machine to be purchased and measures to be taken regarding the mould problem.

(3) OPCA Sweden has requested the following questions be raised at the meeting

- Sales representatives must inform about and advice in the transfer from RCI points to HCC points. Comments: The sales representatives never informed about the change of point's system at the owners transfer from a Puerto Calma Group contract into a HCC contract. Caused a lot of problems to finish the old RCI points and forced the owner to pay annual fee to RCI as well as to

HCC. Suggest: RCI points to be moved to the new HCC contract immediately at the business transaction. Owners that have suffered from double annual fee to be compensated.

- What are the rules that allow a small child can exclude me from my apartment. It is the owner who has insurance and it is also my apartment? For example: you are a family with two children and get one child more. You can't use your apartment?
- What are my options to change my ownership to PC or Åre.
- When are you going to offer the owners to sell their weeks
- Will there be any rental pool within Holiday Club to book a stay at another facility and in a different time than they have contracts?
- Budget 2014. (i) Telephones, from 5,000 to 12,000? (ii) Customer service from 0 to 52,920? (iii) Renovation & reparation fund from 42,060 to 83,127?

(4) OPCA Norway has requested the following proposals and questions to be discussed and answered at the meeting

- It is proposed to install Internet in all flats. Either by use of existing solution (15€/week) or alternative solution to be evaluated by HCC. Owners to pay.
- It is proposed to allow owner associations to send out contact info with the minutes of meeting to let the owners decide who they want to represent them.
- If the representation at the owner meetings is below 50% matters with cost impact shall be sent out to all owners for vote.
- It is proposed that HCC establish a rental portal for weeks on the homepage. OPCA will then cancel their page for rental. ref §5
- It is proposed that the procedure for change of owners is simplified with a low fee for weeks without deed. (PCM charged nothing for this) 350€ is excessive.
- Eurosport should be in English not German.
- Change out all TV's to modern standard with HDMI interface. Change existing furniture to allow approx. 46" size on the wall with a low bench in front.
- Records for 2012 not presented. This is not according to the law?
- Some questions in 2012 meeting not answered in MOM.
- Call for meeting not sent on email only letters. Should not be needed. Email message that the papers are posted on the internet. Will save stamp costs. Should be improved for next year.
- Proposals for the agenda should be called for before call for meeting? Many proposals not treated in the meeting last year?
- Questions and answers is NOT the same as items to be handled on the agenda.
- Limousine service is not working on Saturdays? No show.
- What is the new budget post "Customer services"?

(5) Mr. Jan Krijger indicated the following questions to be answered in the meeting

- Why is the budget in 2013 increased considerably?
- Why is the budget for 2014 not known yet? I want it to be known in advance, not after 10 months.
- I want a more detailed explanation of the increase in the annual fee.
- Is there a reservation for major maintenance, if so, how much?

The different questions are addressed and answered. Since most of the clients in writing and during the meeting have raised the issue of access to internet in the resort, the Chairman addresses this specific issue. The Services Company has looked into this issue and studied different options. Owners are advised that there is already WIFI available at the reception but the Services Company is very well aware of the fact that there is a majority wish of the owners to have access to Internet directly from their room.

The Chairman states that Holiday Club Canarias Resort Management S.L.U. is ready to increase the number of modems available at the reception for lease up to 10 units.

Details about the actual leases of modems are disclosed, and the fact that there is a clear demand for modems during winter season, but not in summer season. The option to purchase the modems through the Owners Association and respective rental income to be allocated to the Owners Associations was disregarded, as the number of modems purchased should be equivalent to the number of apartments in the Club as every owner would expect to have a modem available during their stay, whereby the costs would be greater than the rental income.

Owners authorise the services company to look for a good technical solution for providing WIFI Internet access but at a more affordable cost, and submit the proposal to the owners next year as point on the Agenda.

An Irish owner suggests including the WIFI proposal together with the calling of the meeting next year.

With regards to the various questions and requests related to the furnishings and extra storage space, the Chairman explains that the deep maintenance was based on the feedback from the majority of owners for more spacious apartments without large furniture. The Chairman agrees however that more hooks will be placed in the rooms.

Upon various requests with regards to the kitchen utensils, it was agreed that the Vice-Chairman will revise the current status and evaluate what changes can be made.

Ms Perez inquires if a solution for the VIP booklets was found with regards to the sun beds on the beach. The Chairman explains that Puerto Rico S.A., has outsourced the contract for the beach to a third party and meetings with this company resulted in having to prepay for a significant number of sun beds regardless they are used, and therefore this option has been disregarded.

A British owner requests for no-smoking areas in the resort. The Vice-Chairman mentions that, by law, it is not allowed to smoke in the apartments. The Chairman agrees to look into marking some non-smoking areas and submit the proposal in next year's meeting.

Another owner requests an increase in points. The Chairman mentions that RCI has awarded Club Puerto Calma with the Gold Crown status which increases the priority in RCI exchanges and is currently in negotiations with RCI to increase the points value.

All further questions raised were debated but no resolutions were made.

It was decided to set the date for the Owners Association meeting for 2014 in first week of December 2014.

#### 14. Approval of the Minutes

According to the terms of the law, the minutes will be prepared by the Secretary within the next ten days and once they are ready, the Minutes will be signed by the Chairman and the Secretary of this Meeting.

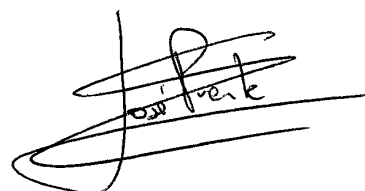
Powers are granted to the Chairman, Vice-chairman as well as to the Secretary so that, should it be necessary, any of them may, indistinctly, in the name and on behalf of the Owners Association, execute the aforementioned resolutions and particularly in order to issue a certificate of the resolutions adopted, and if appropriate to appear before a Public Notary with the most ample faculties, in order to grant and sign the necessary Public Deeds, so that the aforementioned resolutions and the legal transactions arising from them may be formalised, and to raise them to the status of a Public Deed, for all the pertinent legal effects, even for the inscription of the same at the Land Property Registry.

The meeting was closed on Thursday, 5<sup>th</sup> December 2013 at 20:45 hrs.



**THE CHAIRMAN OF THE MEETING**

Mr. Calvin Lucock



**THE SECRETARY OF THE MEETING**

Mr. José Puente