

**MINUTES OF THE BOARD MEETING OF THE GENERAL COMMUNITY OF
HACIENDA RIQUELME HELD 5th NOVEMBER 2015 AT RESORTALIA OFFICE**

The meeting started at 9:30 am with the attendance of the following members of the Board:

ATTENDEES:

Name	Post
Thomas Coppens	Resort President
Mike Portlock (Video)	Phase 2 President
Gordon Hutchinson (Video)	Phase 3 President
Ron Locke (Video)	Phase 5A President
Vivian Church	Phase 5B President
David Bamford	Phase 6 President
Ian Graham	Phase 7 President
Isaac Abad	Resortalia
Alberto Gómez	Resortalia
Pepa Pérez	Resortalia

REPRESENTED

Name & Surname	Post	Represented by
Pedro de Pedro	Phase 4 President	Thomas Coppens

AGENDA

- 1. Review of outstanding legal cases.**
- 2. Flood Defenses Phase 6.**
- 3. Building Repairs.**
- 4. Maintenance Projects.**
- 5. Formal Tender for the Administration Service.**
- 6. Debtors – Quarterly review including Town Center debt and projection of potencial debt.**
- 7. Planning Permissions.**
- 8. Security – Proposal to instal thermal cameras.**
- 9. Cash Flow.**

DISCUSSIONS AND AGREEMENTS

1. Review of outstanding legal cases including:

PW Claim: Mr. Coppens (the Resort President) came to the meeting with Mr. Francisco Muñoz Jara, Lawyer, who was asked who he was representing. He said he was representing Polaris World (PW). He had been invited by the Resort President to do a presentation of an offer from PW with regards to their debts and to answer any questions the Board had.

David Bamford was telling Mr. Munoz that, as it was a HRGR Board meeting, Mr. Munoz was not entitled to be on the meeting.

Mr. Isaac Abad then told Mr. Munoz, very aggressively, waiving a piece of paper, that he was acting illegally. Mr. Munoz denied that he was doing anything illegal and complained about the aggressive start to his session. Isaac Abad continued in the same manner, claiming that according to the Code of Conduct among lawyers (“Código Deontológico”), he must avoid contacting his contraries (the Community) without the presence, or express authorization, of the Mr. Montoya, the Lawyer in charge of the nine Court Procedures that are currently in Court. Mr. Isaac Abad informed him that his obligation was to take the Minutes and he could be sued by the Law Society (Colegio de Abogados), so his obligation was to contact the Lawyer representing the Community instead of talking with the President or the Committee directly. Mr. Munoz complained of the hostility towards him and left the meeting.

Mr. Coppens left the meeting accompanying Mr. Munoz to the exit of the building. After five minutes, Mr. Coppens re-entered the meeting room.

Mr. Coppens stated that Mr. Muñoz was not the Polaris World lawyer, but he was representing PW in potential deals. Resortalia clarified that, as it was explained to Mr. Coppens the day before, Mr. Muñoz Jara was the official Lawyer of PW in all these legal claims, according to the Court.

Mr. Isaac Abad explained that he met Mr. Coppens on Tuesday morning and that Mr. Coppens told him that he had met Mr. José Luis Hernández, President of PW,



and the lawyer, Mr. Francisco Muñoz Jara. Subsequently, he had several meetings with the lawyer and was expecting a written proposal from PW. He wasn't able to confidently explain the agreement because of its complexity, hence the invitation to have Mr. Munoz at the meeting to explain it and answer the Boards questions. All Board members had previously been informed of this attendance at the Board meeting but none had raised any objection prior to the meeting.

Mr. Abad said he explained to Mr. Coppens on Tuesday that he should have not done this, without the knowledge of the Lawyer in charge of the process and the Community Administrator because it is against the legal code of lawyers. He said that the legal complexity of any agreement in terms of Court Procedure, legalities, taxes and potential liabilities against the Community require an expert advice and that Mr. Montoya would not accept this approach.

Then, Resortalia explained that on Wednesday (the day before the meeting) there was a meeting with Mr. Montoya in the presence, as translator, of Alberto Gomez, the Resortalia Lawyer. They informed that, after that meeting, Mr. Montoya had intended to resign due to the "unacceptable interference" of Mr. Coppens' action and his reluctance to inscribe the embargos. He also said that he would be sending a letter with his pending fees. The letter with the intention to resign was shown and sent to all the Board attending the meeting via video conference. At the end of his letter, Mr. Montoya confirmed that he was prepared to continue as lawyer until we appoint a new lawyer (***Mr. Montoya's letter is attached to these Minutes as Document 1***).

Mr. Isaac Abad explained that it has been an unacceptable action taken by Mr. Coppens that could potentially cost a lot of money to the Community and/or the members of the board. A substantial amount in excess of 200,000 Euros in legal fees to cover the costs of Mr Montoya was mentioned. He even made a reference to jail sentences being a possibility. He also explained that the adopting of agreements without a proper legal supervision, could involve Mr Coppens being personally financially liable.

During a long and heated discussion about the facts, Mr. Coppens explained that his motivation for taking his actions was mainly to secure ownership of the gatehouse, something the Board had previously decided was critical for the security of the resort. The President decided to make an apology to Mr. Montoya for not involving



him in the discussions and to request him to continue representing us in the case against PW. Mr. Coppens agreed that he would not meet with PW, or any of their lawyers, on his own any more.

Ron Locke said that he thought the aggressive behaviour of Resortalia and a committee member towards the PW lawyer and Mr. Coppens, was out of order. He said we had lost a great opportunity to have an informal explanation of what PW were offering and, more importantly, the opportunity to ask questions about the offer. Mike Portlock commented that he didn't think Mr. Coppens had deliberately taken any inappropriate actions that could damage the Community but that he was astonished that Mr Coppens had taken such naïve and ill-advised action without involving our lawyer.

ACTION: Resortalia to talk to Mr. Montoya in order to arrange a meeting at which any member of the board who wanted, and was available, could attend.

WHEN: As soon as Mr. Montoya is available the w/c 9-11-2015.

ACTION: Once the meeting with Mr. Montoya is held we hope that he will continue working again for the Community, to review the proposal from PW, prepared by Thomas Coppens

BY WHEN: As soon as possible as it depends on the action above.

Resortalia then explained again the extreme importance to sign the embargos, explaining that this has to be done as a matter of urgency, because the Community could lose their rights over the assets (***Attached to this document is the letter sent by Mr. Montoya related to this and other issues, as Document 2***). Thomas Coppens said he was informed by the people of Mar Menor that there was already an embargo on the gatehouse. Resortalia replied that they had checked this. They said they were in possession of a nota simple saying that the property was not embargoed.

Resortalia explained that to pay the Land Registry for registering the embargos was the only way to prevent Polaris World selling the assets, or any third party putting any embargo on them, preventing the Community receiving any money in case of their sale at a Public Auction. Resortalia stated this could happen in one day, or in one hour, and cannot be prevented, which is why Resortalia and Mr. Montoya have been insisting on paying the fees to register the embargos, and until now the President has been refusing to do this, causing a potential, important risk to the Community.

After a discussion, the Committee approved the Lawyer and Procurador putting an embargo on the gate house in the corresponding legal claim. The cost of this will be around 4,000 Euros. Resortalia explained that they need to consider how to manage the situation because, at that moment, the Community has no Lawyer dealing with this and the situation may be at risk. This comment was made despite the fact the Lawyer's intention of resignation letter stated he would stay on the case until a replacement lawyer took over. Resortalia also stated that for every enforcement, there would be a cost of the Procurador and for the Land Register (to inscribe the embargos) depending of the assets and their value.

ACTION: Resortalia to inform Mr. Montoya or the Procurador about the decision of the Board to inscribe the embargo and trying to do it as a matter of urgency.

BY WHEN: As soon as possible as it depends on the action above.

Regarding the PW parking spaces in our garages, the Committee decided not to inscribe the embargos. The voting was: Mr. Bamford, Mr. Portlock and Mr. Graham voted in favour. Mr. Coppens, Mr. Hutchinson, Mr. Locke, Mrs. Church, and Mr. Pedro de Pedro, represented by Mr. Coppens, voted against. Mr Portlock pointed out that there could be a security risk if an outsider took over the parking spaces. The reason given for not embargoing the car park spaces was because it was considered a waste of money, as it was unlikely anybody would buy them as they would have to pay all the outstanding community fee debts on these spaces, currently approximately €298.000, as well as ongoing fees of approximately €95,000 per year.

Mr. Isaac Abad asked it to be registered in the Minutes that this decision of the Committee is against his advice and Mr. Montoya's advice, so they decline any liability for this. If any embargo is put on the parking spaces the Community could be losing any rights to 188 Polaris World Parking Spaces.

It was agreed to pay the 3 pending invoices (around 6.000 €) of the Procurador related to the ordinary cases (not the enforcement actions), reporting that there will be 2.000 € invoice after each final judgement, as approved by former Committees.

Town Hall Claim: The report produced by the Legal Department of Resortalia was discussed and they informed that a new report produced by the Lawyer in charge of the



Legal Claim against the Town Hall of Murcia, Mr. González – Varas, was being translated in order to send it to the members of the Board.

As the court case has been lost there would be a charge of the judicial costs to the Community for the amount of 2.000 € approx.

ACTION: The Legal Department to send the translated report of Mr. González - Varas to the Board.

BY WHEN: This same week. *It was sent the day after the meeting (6-11-15)*

2. Flood Defences Phase 6:

The architect, Alvaro Lorente, attended the meeting at this point. He explained that he was currently working on the report, which would include 3 different options for the replacement of the broken wall at the end of Phase 6. These options will also be used for the tender process.

ACTION: The architect to send the report to the Board.

BY WHEN: By Friday next week 13-11-2015

Related to the watercourse created just a few days before the recent rain, Mr Coppens, who arranged for the works to be done at the cost of 2.600 € + VAT, informed that it seems to have worked. The rain still removed some gravel from the PW strips but the result was better than when the water course was not there.

It was mentioned by some members of the Board that the area could be improved if there was some grass or concrete to compact the area and avoid the movement of the soil.

There was a question about the infrastructure built by the water company (EMUASA) a few years ago at the end of Phase 6. It had never been commissioned and was felt that, if it had been working, the damages would have been much less as the water would have been evacuated easier. Resortalia explained that they have been checking with EMUASA very often about this situation. As it is up to the Town Hall of Murcia they do not know what is going to happen with this.

ACTION: The Legal Department of Resortalia to submit a request to the Town Hall of Murcia for the connection of this infrastructure.

BY WHEN: Within November 2015.

3. Building Repairs:

The architect attended the meeting at this point. He informed that even though the start dates had been as established, there had been a bit of delay to the works carried out in Phases 5A, 5B & 7 due to several factors such as finding issues to repair which had not been found before.

After the rain the previous weekend he and his team had been reviewing all the garages in those buildings where the works have already started and/or finished. The issues found are new and not related to the actions already taken, so new, updated costs were provided to the Building President.

Related to the second group of buildings, Phase 1, 2 Buildings in Phase 2 and 1 Building in Phase 7, he said that he is still waiting for 7 Building Presidents to come back to them with their decision about the action to be taken.

ACTION: Álvaro Lorente to send the list of buildings where the BP's have not replied yet so the Phase Presidents can put some pressure on them to deal with it.

BY WHEN: The W/C 9-11-15.

Monitor Crack: The architect said that all the checking done so far on the buildings where monitors had been installed to see if the cracks were widening, showed that there had been no further widening. They have delayed the next date for the checks until after the rainy season.

4. Maintenance Projects:

The architect attended the meeting at this point.

a. Building re-painting tender process - 2016: The architect informed that the painting works below the sill were done as planned with no issues. With regards to the repainting of the whole façade (areas above the sill), planned to start in 2016, David Bamford & Ian Graham would walk around with Alvaro Lorente in order to investigate the best way it could be done.

ACTION: David Bamford & Ian Graham to visit the buildings with the architect in order to get some ideas about how to proceed.

BY WHEN: Before the next Board Meeting.

ACTION: Alvaro to prepare all the information for the tender process.

BY WHEN: As soon as the previous action is completed.



- b. Update on the perimeter fence works:** The works started on Tuesday this week (3-11-15) after a 2 weeks' delay, as the contractor could not find someone to do the sanding works. They have now taken more security measures as they have protected the plants and covered the scaffolding with a plastic sheet. The works should be finished before Christmas. Related to the damages caused by the plants, 5% of the invoice has been retained.
- c. Iron Works tender:** The example garage vents were reviewed by David Bamford and Ian Graham prior to the Board Meeting. The options would be:
- i. Replace all of them with concrete vents, which would last forever.
 - ii. Replace the damage ones and leave the others.
 - iii. Repaint the damaged ones.

ACTION: David Bamford & Ian Graham to walk around the Resort and review all the vents, in all the buildings, in order to produce a report detailing the vents to be done in concrete or painted. The objective is to improve the look of the vents whilst managing the costs.

BY WHEN: Report to be presented by the next Board Meeting.

Meanwhile, the company URBANIA will start work on the garage railings, main entrance doors and other metalwork. For the repainting of the garage railings, the architect would be contacting STV (gardening company) in order to coordinate the painting and pruning works.

5. Formal Tender for the Administration Service:

Mr. Isaac Abad read out a letter, which is attached to the Minutes as **Document 3**.

Mr. Coppens stated that the contents of the letter are only partly true.

Mr. Coppens said that he talked to people in Resortalia in order to understand the workload and to be able to estimate the likely salary costs for a potential self-administration business case, which was suggested by him a long time ago.

Mr. Coppens stated that a number of the statements allegedly made by staff were completely unfounded.

Another very aggressive, angry debate then took place.

Mr. Bamford, Mr. Portlock and Mr. Graham stated that this was an unacceptable situation and they felt very uncomfortable with Mr. Coppens doing this, adding that they find it very difficult to work in these circumstances.

Mr. Isaac Abad stated that the action was absolutely inappropriate and that he wanted his letter to be registered in the Minutes, adding that everything in the letter was true and that everything could be corroborated.

After a long discussion about the situation, the Board decided not to tender for the Community Administration role this year as there was no longer enough time to do the work required. It was suggested that we should tender for the work next year but start earlier in the year to prepare the tenders.

As well, he said that actions carried out by the President were putting at risk the stability and performance of contractors of the Resort because, for example, he was holding meetings alone with the providers, without Resortalia, adding that this had created a big and grave problem with the contractors, in terms of their trust of Resortalia. Resortalia requested, to be present at meetings with contractors.

After explanations and sharing of opinions, Mr. Thomas Coppens apologized and agreed that Resortalia will be invited to all future meetings with contractors.

Mr. Coppens agreed to submit any formal contract for inspection by the legal team of Resortalia. He feels it is acceptable, and his legal right, to conduct preliminary negotiations with contractors when appropriate.

Finally, Mr. Bamford remarked, and committee members agreed, that the Committee needed to work as a team along with Resortalia.

ACTION: Mr Coppens and Mr Abad to meet to establish a proper working relationship.

BY WHEN: As soon as possible

6. Debtors – Quarterly review including Town Center debt and projection of potencial debt.

The Quarterly Debtors Report, already sent to all the owners in October, was discussed. Mr Coppens thanked Gordon Hutchinson for the fantastic work he is doing dealing with debtors.

The possibility of suing English owners via the online claim system, even if they were already being sued via the Spanish monitorio system, was discussed. This would result in these debtors being dealt with much quicker.

ACTION: Resortalia to study whether it is possible to do both actions against debtors from England and Wales, and to produce a report on the legal implications of this procedure.

BY WHEN: By the next Board Meeting.

7. Planning Permissions:

- a. **Pergola in Indio 1, 1^oA:** After reviewing all the pictures sent by the owner it was agreed that there was a clear difference between his roof and all the others in the pictures. His roof was steeply sloping and looked more like a “lean to” than a pergola. It has to be in line with the ceiling of his balcony roof as the other pergolas and roofs are in HR. The owner will be contacted and asked for a new planning request, with the aim to alter the angle of the roof. Alternatively, he could remove it completely.
- b. **Privacy glass screen Atlántico 124, 3^oA:** It was not approved to remove the front railing as it could have safety implications and also the aesthetics look, as well as being against the statutes. The other areas where the owner wishes to fit privacy glass screens were authorised.
- c. **Remove existing walls to fit glass curtains Adriático 2, Groundfloor C:** It was approved as long as the action requested does not affect the structure of the building. It is important to remind the owners that this actions to close terraces with glass sliding doors is not authorised by the Town Hall of Murcia, so the owner affected should submit a request to the Town Hall.

8. Security – Proposal to instal thermal cameras.

After a long discussion about this item, the proposal was refused by the majority of the attendees due to the following factors:

- The current system has proved to work very well.
- The cost of the IR cameras is expected to significantly drop in a few years.
- It was not clear if the system proposed would reduce the security staff at night. Some Board members were not convinced we should reduce staff patrolling at night at this time.

9. Cash Flow:

The Cash Flow report produced by the Accountancy Department was presented. It was stated that there will not be any cash flow problems in the next 12 months. It is important to know that all the figures used came from the 2015 budget, as next year budget is not approved yet.

ACTION: In order to have more accurate cash flow information, it was decided to consider put the renewal and long term repairs budget into the cash flow spreadsheet by splitting into monthly payments unless the Board could provide the Accountancy Department with some concrete scheduled approved expenditure.

BY WHEN: In 2016

10. Items for information.

- a) **Debt recovered since the last Board Meeting:** The total amount recovered since the last Board Meeting held on Thursday 17th September 2015 has been 31.985, 98 €. This amount includes surcharges, interest and any other costs incurred for the recovery of the money.
- b) **Irrigation Information:** Attached to these minutes are the Excel spread sheets produced for the use of irrigation water, which shows costs against budget and comparisons with previous years.
- c) **Forum Rules.** These have been slightly amended and published on the website

The meeting finished at 13:50

Next Committee Meeting will be held on **Thursday 3rd December 2015 at 9:30am** Spanish Time.