

PRESIDENTS REPORT

Introduction

We have, this year, welcomed 120 new owners. This is the most turnover since our inception. We hope many of you are here today and hope you will enjoy your dream as much as the rest of us have.

Your Board has worked hard once again to reach the goals we set for ourselves a little more than 12 months ago. You have had the benefit of a group of people on the Board from a diverse set of business backgrounds working very well together and in harmony. It has been helped by the fact that the same Phase Presidents were able to continue in their roles from the previous year.

We have continued to keep you all in the loop as to what's going on by keeping you updated with communications on a regular basis; something we promised you we would do 2 years ago. Since the last AGM, we have sent out – Board communications.

We have once again tapped into owner's specialist knowledge in areas your Board wanted expert advice on. This has helped not only me but your Board immensely this year.

We did not have so many contracts to renew this year as most of them were carried out last year. However, we renewed contracts with Atlantir, pool maintenance, Mapfre Insurance and Kone lift maintenance.

We are beginning to see the benefits with the grounds and gardening looking as good as I have ever seen them.

This Board's efforts, not just the over the last 12 months but also the preceding 12 months, has achieved remarkable results. We have 7 main supplier contractors, 6 of whose contracts have been re-negotiated in this 2-year period, bringing a saving to the community of more than a quarter million euros per year.

We have also either carried out, or are in the process of carrying out, various maintenance programs, such as external building painting, rubbish bins renovation, pathway repairs, full path light replacement, pool surround repairs/replacement and pool tiles replacement, all of which we could not possibly have been carried out unless we negotiated hard with the contractors to get big reductions from their original tenders and quotes. We think we have been successful in this, evidenced by further one-off savings of more than 1.3 million euros.

I would like at this stage to thank the Board for their support over the last 2 years. The Board is a really good team which has had to have a change as, sadly, one of the team, David Dwyer, has had to leave the Board as he has moved to another phase. However, David will still be involved as he has kindly agreed to stay involved as a non-Board member volunteer. You will be hearing from David later. We welcome John Barr as David's replacement for Phase 6. His tenure has been only a few weeks and I hope this small period has not put him off standing again today as he has already found out it is not quite the hornet's nest, he may have thought he was entering. Many people will already know John from the good work he does for us on our website and Facebook pages.

I am now going to introduce each Board member, or Volunteer, who will give their reports for each area they have responsibility for.

Communication, Survey management, Trends, Supplier Performance Management, and Irrigation.

Another year of Ron Locke. Some say surely, he's past it by now, he has been doing it forever. But, Oh no. His wealth of knowledge and his extensive record keeping is something not only I but the whole Board, rely on.

Report by Ron Locke

COMMUNICATION

I don't have very much to say on this subject this year as I explained last year our approach to what we do and why we do it.

The Board have sent out 37 communications this year on a variety of subjects and we will continue along similar lines in the next 12 months.

We have not been able to use the website as an effective communication tool this year due to the lengthy implementation of the new website.

SURVEYS AND PERFORMANCE AGAINST TARGETS

We have still not had the number of responses we would like, despite our plea last year for more. I would like to remind you how important these surveys are in improving the service you get from our suppliers and, if you can't be bothered to answer the surveys you are not entitled to moan about the service you get. **The surveys do improve performance.**

When we set targets based on surveys, we usually set targets to reduce the number of POOR assessments and to increase the number of GOOD and VG assessments.

We have carried out surveys of all our main suppliers again this year and the main points on each survey are as follows (More detail can be found on our website):

SECURITY

434 owners responded, which was a disappointing reduction of 49 from last year.

There are only 3 questions:

1. Quality of Overall Service.
2. Performance at the Barrier.
3. Response to a Reported Incident.

So, it can't take more than 2 minutes to answer the questionnaire.

4 out of the 6 targets were met. The 2 that were missed related to the handling of incidents. We started their surveys in 2013. Only in 2016 did they do worse than this year for incident handling. I don't consider this a big problem as the scores were still very high, but they need to pay a bit of attention to make sure it is not a downward trend.

All three questions for the G + VG total had poorer scores than last year but, again, they were still high scores.

GARDENING

Only 418 responses – the 2nd lowest we have ever had.

Performance against Survey targets.

Of the 12 survey targets set, 9 of them were met. 3 failed to meet the target, although one of these failed by only 0.42%.

Both targets related to the Lawn areas failed. This probably isn't surprising at a time when our water supplies are severely restricted.

Comparison with last year

14 people judged Overall Quality in 2017 to be poor. In 2018 this was only 9 people. **The number who judged this G & VG increased from 310 to 364**

The number of people who rated Trees as poor increased from 9 to 18.

The number of people who rated the Lawns as poor increased from 23 to 37.

However, the number of people who rated the Lawns G or VG increased from 221 to 235, although the percentage was lower. The comparisons for Hedges/Shrubs, Weed Control and Flower Beds were all better than last year. **Number who rated Hedges & Shrubs to be G & VG increases from 272 people to 320.**

Number who rated Flower Beds to be G & VG increases from 262 people to 314

In summary, I think the gardeners have done really well this year, under difficult conditions.

POOLS

We had the greatest number of responses ever, with 474 owners responding to the survey.

This is how Atlantir have performed:

1. In 2017, 17 targets were set, and they failed to achieve 7 of them.
2. In 2018, the same 17 targets were set, and they only failed 2 of them.
3. The main target, "Overall Quality" had a small improvement for the POOR rating from 5 in 2017 to only 2 in 2018. The rating for GOOD or VG ratings went from 296 to 355.
4. 7 out of the 9 GOOD or VG ratings were better than last year.

5. 5 out of the 9 POOR ratings were better than last year.

One of the worst ratings is for the replacing of tiles when they come off. It was also mentioned a lot in the comments we received. I think this is something which lets the resort down and makes the pools look unattractive. Action is being taken to improve this situation.

The highest POOR rating is 17.95% for Problem Resolution. However, only 39 people raised a problem and only 7 of them rated it poor, so it might not be as bad as it seems. Also, both Atlantir and Resortalia deal with the complaints, so it would be difficult to see where the problem was.

My overall impression is that Atlantir has had a good year.

RUBBISH COLLECTION AND STREET CLEANING

The good news is that 415 people responded this year, 95 more than last year. More good news is that the number of people judging the service to be **Good or VG** has increased for 4 of the 5 categories, with the 5th one being the same as last year. There were improvements in the **Poor** ratings with 4 of the 5 categories having a lower percentage than last year, although the number of people actually assessing the services as Poor is very small and makes comparisons in these circumstances a little meaningless.

The refurbishment of all bins commenced last October and will take 3 years to cover all sections. They will be done in the order of those in the worst condition being done first, based on a report by the Safamur, the company carrying out the work. It will be done over a 3 year period.

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This leads me to another general point. **The order that we do maintenance work.** A BP wrote to the owners in his building insinuating that there is favouritism in the way we make these decisions e.g. with regards to the Painting Project he insinuated that Phase 4 was painted 1st because the person running the project was on that phase. This is completely untrue. Phase 4 was chosen because it is the most visible from the road into the resort and we wanted to give a good impression as people approached the resort.

He also said, "Phase 1 is always the last to have anything done, despite it being the first phase built" This is also not true; it is not always the last phase to be done. It will be the last one to be painted because it needs a lot of work doing on that phase before it is painted. This is because of the salt water issues and garage flooding.

The same BP also claimed, "The test pool on Phase 6, for the new resin surface, is the pool over which the committee member looking after the project, looks" This is also completely untrue. This Board member had nothing to do with the project. This pool was chosen because it is the worst on the resort.

Please be assured, we always have a good reason why we do things and the way we do them. If you ever have doubts, your PP will always be able to enlighten you.³

A2Z

Only 335 people responded, the lowest of all our surveys. It could be because a lot of people don't have much use for the service when on holiday.

The service provided by A2Z is difficult to assess, as people have different expectations of the service, particularly for Broadband. For the TV and Broadband service, we pay about £5 per month per apartment. We pay a similar amount for the phone service. For those that use Broadband only for emails whilst they are HR, the service will be adequate. For those that want it for downloading films etc., and subscription TV channels, it won't be.

It is not the Boards job to provide you with a superfast Broadband service, or extra TV channels, out of everyone's community fees when many don't need this service. So, the Board are only providing a basic service and if you want better, you will have to pay for your own additional service requirements. Of course, we will still try and get improvements to this basic service.

The survey results don't compare well with those of our other suppliers, probably because of these expectations. All 10 targets were missed.

RESORTALIA

We had 483 responses, compared to 328 last year, which is good considering many owners have no major dealings with Resortalia.

Targets

1. Of the 8 targets set, they met 4 and failed to meet 4. This is the same as last year with the same targets met and failed. **However, 2 of the failed targets showed good improvement on last year.** The failed targets were:
 - a) Responses to emails. Although quite a bit better than last year it still missed the target.
 - b) Complaint Management (both the targets for the POOR assessment and the GOOD or VG Assessment).
 - c) WAITING TIME. The target for WAITING TIME is "Nobody has to wait more than 30 minutes". 2 People said this happened to them.

2. Of the 8 targets, they improved their scores in 4 of them.

Teams individual comparisons with last year.

General Enquiries Team.

1. The POOR ratings were worse than last year in 4 of the 6 categories and better in 2.

2. The GOOD + VERY GOOD were better in 2 categories and worse in 4.

I think this team suffers when there are staff changes, which seems to be more often than other teams. It must always be difficult for new people in their early days so if we get a settled team I think things will improve back to where they have previously been.

Legal Team.

They were worse than last year in all the categories. Although this might seem really bad, the total number of respondents was only 56 so larger fluctuations can be expected in these circumstances. I also think that some people may not understand that it probably takes Alberto some time to research legal cases before giving an answer.

Debt Collection Team.

1. Four POOR assessments were worse than last year, but this was still only small numbers of owners making the assessment, so nothing to be concerned about.
2. The GOOD + VERY GOOD assessments were better in 5 of the 6 categories which are a testament to the good work being done by Charlotte.

Finance Team.

1. Three of the 6 POOR assessments were worse than last year.
2. The GOOD + VERY GOOD assessments were worse than last year.

However, all the assessments show that this team is still performing to a high standard (Averaging 82% in the GOOD and VERY GOOD assessments), so I don't think it is anything to be concerned about."

Finally, on Surveys, I would like to thank Joanne Flood, who spends a great deal of her time coding the surveys on Survey Monkey and collating the results for me. We wouldn't be able to do these surveys without her.

Gardening

This is probably the most talked about topic by owners. Credit must be given to Viv who has over the years continued to keep on top of the gardening and tree issues, helped by the understanding she has with Alfonso from STV. Additional money was spent this year by all the Phases. Viv and Alfonso managed the implementation of these changes. As well as doing what appears to be a fulltime job of looking after gardening, she also took on the responsibility for street cleaning and rubbish collection as well.

Report by Viv Church read by Ron Locke

IRRIGATION WATER & GARDENING

Our peak water consumption was in 2011 when we consumed approximately 213,000 cubic meters. This year we only consumed 141,000 cubic meters. This reduction is mainly because of the water restriction imposed by the water company. This enabled us to be under budget by about €41,000.

It is impossible to predict what will happen this year, but I can't see it being much different as, according to the local press, the winter rainfall is one of the lowest on record.

Aquamed, our water company, must put farmers requirements first so they restrict our use. This not only affects the amount of water we can use but also the water pressure, preventing the irrigation running the full length of the tubes in front of buildings & hedges. STV have done an excellent job in maintaining our gardens throughout the very hot summer months despite these difficulties.

We see the resort improving year by year, with the landscaped areas looking better than ever. They provide greenery throughout the winter and a sea of colour throughout the summer & comments made about the well-maintained resort has helped us to maintain our 5* Trip Advisor rating.

During the last twelve months several enhancements have been carried out around the resort which are attractive as well as enabling us to save irrigation water.

These include hard landscaping at the main entrance roundabout & many other places. We have re-vamped the gardens all around the sports area, which is now a pleasant place to walk along or sit. Many other areas around the resort have been improved with gold gravel in place of metres of old, dead, woody shrubs & this has given colour to gardens all year long, enhanced by the plants that bloom in the spring & summer.

High quality artificial grass has been installed in the square borders around the pools & this has been a real improvement & much easier than trying to ensure that plants survived through the hot summer months. It's been popular with pool users & nice to see so many people relaxing on the grass

A few years ago, we had a gardening volunteer day which was well attended & we asked for volunteers to help with gardening tasks. Many owners put their names forward but due to all the enhancements carried out by STV in the last twelve months there has not been an opportunity for any volunteering projects. We have a large resort & it's difficult to continually monitor what is happening with hedges & gardens especially through the summer months. It would be extremely useful if volunteers could keep an eye on their gardens & surrounding areas & report problems to Viv & Resortalia so they can be investigated & also if anyone wants to do a bit of weeding around their buildings that would be extremely helpful.

As we have said many times before, several owners on ground floor apartments have created borders outside their hedges which can be attractive. Please be aware along the borders there are large black sprinklers which protrude from the ground. Before doing any planting, owners should check where the sprinklers are & ensure they are not obstructed from watering the grass. Often, we receive comments from owners that their grass is dying & when we inspect the area, large plants have grown up in front of the sprinklers or rocks have been placed in front of them.

Please, only plant these areas with suitable plants & only do this if you spend enough time at the resort to regularly maintain your borders & plants. STV are not responsible for maintaining these on your behalf.

Much time is spent on monitoring the gardens & keeping them in the best way possible. We still have large grass areas to maintain and given the sun, soil & water problems we will never have grass areas like you see at Golf Resorts in America, but we do our best to keep the resort looking good. We still have large grass areas to maintain and given the sun, soil & water problems we will never have grass areas like you see at Golf Resorts in America, but we do our best to keep the resort looking good. What we have is a very well managed team of gardeners who are always willing to help.

If you have a gardening problem, please contact Resortalia. They will then liaise with STV, who are always willing to help.

Thank you, Viv and Ron

Debtors

It has been a difficult year for Wendy Walker as she has had personal family problems with the loss of a close loved one. She has a full-time job, she has also Pat her partner to look after which is probably another full-time job! I am pleased to introduce Wendy to you now.

Report by Wendy Walker

Good morning Friends and Neighbours,

2018 has been another good year for us all in relation to debt collection in Hacienda Riquelme with this year seeing the lowest number of individual debts since we became a resort. I would love to sit here today and take the credit for this however I must stress that this is mainly due to 2 factors;

- i. The excellent work undertaken by Charlotte Robbins, in Resortalia who ceaselessly chases owners as soon as a payment is missed.
- ii. The robust process I have inherited which was set up by Gordon Hutchinson when he took on this role in 2013.

I am aware that if you have a debt in your building it can be frustrating, as the process to collect debts can sometimes take time and patience is required. I can assure you all that Charlotte and I are working as quickly as possible when an owner becomes a debtor to help them resolve the problem before it escalates into a large debt, which will then

become a burden on the owner and the building block. As I said last year, patience is essential to ensure we follow all the correct legal requirements so that we ultimately DO recover the debt.

We still have a large debt from Polaris World which impacts on our overall debt but we are unable to deal with as this is still in the hands of the lawyers and Bankruptcy courts so there is nothing we can do and must let it take its natural course.

I have included in my report below a graph which clearly shows the journey we have been on in relation to private owner's debt on our resort and the negative effect of the financial crash in 2007 resulting in 4 very difficult years for many people, with their own personal circumstance being greatly affected. We are now clearly coming out of that phase with many old debts having been settled and new owners being fully aware of the financial implications of owning a property here on Hacienda Riquelme.



* Until 31/12/2018

This graph shows the number of individual debtors each year since 2008 and the position at 31/12/18 as 89 Debtors. This number was reported to you all in early January and shows that we have made great headway since 2010 when we had 644 Individual owners in debt.

In relation to the overall debt at the beginning of 2018 we had 159 apartments in debt, with a total of 699,474.44 Euros, and by the 31st December 2018 this figure has decreased to 151 apartments with a total debt of 688,173.67 Euros.

These 151 debtors in categories are:

- Banks.- 30
- Corporations.- 14
- Private owners.- 89
- Old debtors.- 18

Total **151**

Concentrating on the **89** private debtors, in January 2019 shown in the graph above I can now report the most up to date figures and by 15/03/19 we have reduced that figure even more as...

21 owners have now settled in full since December.

7 owners owe between 100 € and up to one quarterly fee which Charlotte is in the process of chasing up in many cases just a banking error.

2 owners owe shortfall of less than 100 euros.

Leaving a total of private owner debtors at 68

Also, with regards to the **30** properties owned by the banks, since the 31/12/2018; **21** have paid in full, leaving a total of **9** bank properties as debtors.

You will all have been sent the Debtors Report produced for you on a quarterly basis, which I hope is a useful document to keep you all updated as much as possible, but always remember Charlotte is available to discuss any issues you may have. Please remember that by all Building presidents working closely with myself and Charlotte and working together as a team, we will hopefully achieve even better results in 2020.

I have once again concentrated on UK and European debtors; the Spanish debtors, are as in previous years, being dealt with directly by Resortalia Recovery and legal departments. You are given the opportunity to vote at this, and every AGM, to issue Spanish Monitorio proceedings against owners who have debts outstanding for more than one year.

Situation of the 68 Private debtors up to 15th March 2019.

4 are with Banks who have repossessed property. We will receive current year and 3 previous years' fees paid by the Banks for these debts.

37 are in the Spanish Monitorio court process at different stages.

4 have on going payment plans.

20 are with Resortalia recovery subject to our debtor's protocol, which includes issuing notices before court proceedings.

3 are with UK High Court Enforcement Sheriffs.

Total 68

The Debtors protocol has been streamlined with defined dates of contact from phone -email-notices-court claim within 2 months of the outstanding quarter fees.

Once we have issued UK County Court Claim papers we apply for a County Court Judgement (CCJ). If you have a CCJ against you it remains on your file for 6 years which makes it very difficult for you to get credit cards, mortgages etc.; We now clearly indicate this on communication to debtors which usually encourages a payment by most people as they do not want a CCJ against them. We are also working with The Sheriffs in England and Wales who will apply for a file to be transferred from County Court to the High Court. Once issued the High Court Enforcement Officers take over. They have more powers than the standard bailiff. They can and do remove goods, cars, electrical items (anything that is not

subject to other credit agreements) to Auction. The proceeds from the Auction come direct to us to pay off all, or part, of the debt.

We appointed a Debt collections agency in the UK in November 2017 and passed over 20 files at a value of 220,770.91 euros, for them to pursue. We have been disappointed with the results from this company having successfully recovered only 2 of these files during the year, to date collecting a debt of 17,026.52 pounds sterling. Looking on the bright side I suppose it is 17,000 plus we had not managed to collect by other means. We will investigate other companies this year which will hopefully result in a better collection rate.

Since the last AGM we have recovered:

169,190.02 € of old debt. (Not including fees from 2018)

18.394,71 € in surcharges.

Broken down into categories:

Banks - 106,016.17 €uros

Spanish Monitorio – 11.858,70 €uros

Resortalia recovery/debtors protocol actions – 116.265,09 €uros

(Including debt from 2018)

Write Off's

As in previous years we need to consider write offs and we have identified a total of 7 owners, who are long term debtors and despite exhaustive attempts we believe our only solution is to write off these debts. This is however the lowest number of write offs we have ever presented to the AGM. Provision in the accounts has already been made to allow for this.

I am therefore asking you to approve we write off these debts, totalling 32.740,46 €, as we have no chance of recovering anything and it is wasting time in paperwork and managing the accounts. Of course, should we receive further information or payment in the future we can easily re-open the file and account.

Thank you for listening and as we say each year, there will always be debtors, the secret is to keep new debtors within a manageable level so they are not allowed to get out of hand, and continuing to use every method in our power to continue to chase long term debtors. Finally I would like to thank Charlotte on your behalf for the excellent results achieved this year.

Thank you, Wendy

Security, Website, Golf course liaison

We are really pleased to see Mike here today after a recent health scare. It has been a tricky last couple of months for Mike and, of course, his wife, Linda. I think you will all share with me in wishing him well and that his recovery continues.

I shall read out his report

Security

Security continues to be at a very high level at Hacienda Riquelme. Vigilant has provided an excellent level of security both at the entry and exit point and throughout the resort. They have maintained very high standard of performance on all the security equipment used across the resort and we are delighted to report that there have been no burglaries reported on the resort throughout the year. Considering the high level of break-ins at other resorts and in local villages, this is a high reflection on our security services. We continue to seek improved performance from Vigilant and our thanks go to their management and their on-site staff as well as to John Frizell, who brings great experience to the operation. Security has run as smoothly as ever by our award-winning guards, headed up by Carlos. The Guards workforce also has Lute who is Spain's weightlifting champion.

Website development

There has been a great deal of work over the past year in developing new websites. The public website has been live since late in 2018 and the owners' website has just gone live. Both websites will continue to be improved over the rest of the year and it will be much easier for owners to search for information. Our thanks go especially to owners John Slater, Graham Goacher and John Barr for their contributions and we are pleased to say that Sharon Seed will be helping from now on.

Golf Course

We continue to work closely with GNK on the development and maintenance of the golf course. As many of you will be aware, GNK now own Hacienda Riquelme, El Valle, La Torre and Alhama Signature golf courses and this should enable them to continue to develop our wonderful golf course further over coming years.

This is naturally very important to the community as you just have to look at our neighbours. The golfers amongst us will know the course is one if not the best in the area and it has held this year the Spanish Junior Championship and a Senior's championship, as well as being home to some of the countries of the world bringing their academy juniors for training and experience of European courses.

Report by Mike Portlock

Phase 7 slope.

Margaret has continued to help with the work needed on the slope and the tidying up of the workers compound. We have also had the help of an owner, Neville Custance, whose civil engineering background has helped enormously. We are now at a stage where I will let Margaret explain what the current situation is.

Report by Margaret Daniels

We reported to you last year the Board was looking at ways to stop the flooding on Atlántico from the workers compound to the borders of Peraleja, I took on the responsibility for this as it effected mostly my Phase – phase 7.

We have had a great deal of help, advice and support from Neville Custance one of our owner who is a civil engineer, who understands what the Architect and his team were going to do. Unfortunately, he cannot be here today as he is at a wedding in Australia

The first thing to say is that the hill will not collapse, confirmed by our Spanish architect and Murcia Town Hall. However, as it is in common with the landscape in the area, it will erode over time. It is this erosion that causes us problems year on year and costs the community the expense after the heavy rains of cleaning it up.

With that in mind our Architect and Neville came up with a plan to divert the sand/mud and the water, as well as consulting with the water authority for their agreement to our plan. Once agreed we went out to Tender to actually do the work.

Tenders were opened a couple of weeks ago and 2 companies were shortlisted, following 2 rounds of negotiating we have contracted the work to commence May 2019. Fees will not increase to cover this work.

So – what are we doing?

As an overview, the work is in two stages

Work needs to be undertaken in the workers compound to control the mud and water that flows from there down onto the road. The hill behind the workers area also needs reinforcing and that is eroding into the farmers land. A couple of perimeter lights in this area will need moving as they are in a precarious position. The hill in that area will be sprayed with concrete.

The land in the workers compound will be landscaped to form a natural barrier to reduce the flow of water. Trees have already been planted there but there is more work to be done on landscaping. A channel will also be built to control the flow of the water.

On Atlántico from the big stone wall to the border with Peraleja, a concrete channel will be dug behind the low stone wall. The channel will have settling tanks at intervals along its length to collect the sand and mud. The water thus flowing along will be cleaner. The cleaner water will then run down the hill by Peraleja to the roundabout and form a pool in the land at the bottom. This is unavoidable and happens uncontrolled now. It will dry out quite quickly. The settling tanks will need to be emptied at intervals.

That really is an overview of the project.

We aim to start work at the beginning of May and it will take about 2/3 months. The channel and settling tanks will be installed first along Atlántico and then the work on the workers compound will be done. We want the work to be done before the summer holidays and before this year's rains.

If you want more detailed information, the detailed drawings are at the back of the room and I will try to answer questions after this meeting.

Thank you, Margaret,

A2Z.

I am pleased to introduce David Dwyer who will bring you up to date regarding the questionnaire we sent out in order to improve the services we were experiencing of Broadband, TV and Telephone. It made very interesting reading. We brought in the help of an owner, Stephen Hall, whose background in telecommunications was extremely useful.

Report by David Dwyer

2019 A2Z Telecoms Report

Good morning

We are now in the fourth year of a 6-year contract with A2Z Telecoms who provide and maintain the internet, telephone and TV services at HRGR.

- Internet service – We currently receive 6 Mbps upload and 1 Mbps download speeds. During 2018 there were several periods, particularly during the summer months, where the service was reduced or not available. Since last Summer, A2Z have worked hard to improve the reliability of the service and have more than doubled the bandwidth available and updated power supplies to ensure that similar problems do not happen in the future.
- TV service – We receive approximately 200 international TV channels including a range of HD channels. At the beginning of 2019 more TV channels have been added. The list of TV channels is available on our website.
- Telephone – We receive a free internal telephone service.

The current cost of these services is €10 Euros per apartment per month including IVA and this cost is included in our community fees.

Internet 2019

We understand that internet speeds are becoming more important to us all. We have negotiated preferential rates for owners to contract directly with A2Z for either 30, 50 or 100 Mbps services. Full details will be sent to all owners after the AGM and will be available on our website. We have also put together a guide for owners on how to get the best from your internet service. This will also be available on our website.

TV 2019

Owners often ask why premium channels (Sports, Movies etc.) are not included in our TV service. Unfortunately, these subscription channels are not legally available in Spain and cannot be provided by A2Z.

We have negotiated a special offer from Surpris TV for IPTV (TV through internet) providing over 300 channels. Full details will be sent to all owners after the AGM and will be available on our website.

David Dwyer

Thank you, David

Maintenance.

General maintenance.

We have to understand the resort is approximately 12 years old in parts and nothing lasts forever. We have to be aware of the problems and act before they get any worse. We have highlighted the following areas where repair work needed to be carried out. Some of it has already been implemented and some we will be looking to do this year.

Path Lights GH.

I reported to you last year about the purchase of the new path lights from China. The consignment arrived some months later than expected due to unforeseen customs technicalities but, I am pleased to say, all of our path lights have now been replaced. We have achieved this, saving quite a lot of money and, at the same time, providing the same level if not better lamp lighting throughout the resort.

Pathways. ~ many areas have broken up and could be classed as dangerous. Pepa and I walked the whole of the resort's pathways and listed our main areas of concern. We have obtained quotations and included the cost in the 2019 community budget. The work commenced in February to carry out the necessary repairs to the worst affected areas. Next year we intend to carry out the same investigation.

Swimming pools. ~ The pool surrounds are starting to decay quickly in many pools; mortar is crumbling, and the remaining slabs are sharp and, in some places, dangerous. We have completed pool 6.2 on the resort with a concrete resin that is non-slip, does not get hot, is easy to walk on and, above all, looks great. We shall be resurfacing pools 1.1, 5.1, and 7.3. before May and pools 2.3,3.2 and 4.2 between October and December later this year. We urge you to test out these pools this summer so we can roll out the same solution to the remaining pools during 2020 and 2021. Every phase by the end of this year will have one pool transformed in this way. We are expecting positive comments judging by what we have been receiving already.

Swimming Pools ~ Mosaic pool tiles are in need of repair. The problem is the small mosaic ceramic tiles are being picked off by children and, in some cases, some bored adults if they come loose. It is more apparent on the steps leading into the pools. Every year we spend money on repairing and replacing these tiles so this year we felt it was time to look at something longer lasting. Atlantir, our pool contractor, has come up with a solution that will, to all intents and purposes, carry out the same job but the tiles will be fitted with a resin concrete similar to the pool surrounds. We have included the cost in the 2019 community budget and following years forecasts, as they will be carried out over a 3-year period. The work has already commenced.

Future projects.

This year we will be looking at the following:

- Pool fences
- Lamp posts
- Road markings
- El Cason garden walls

The painting of the electricity station and pump room will also need to be looked at but, hopefully, we can persuade Pintalac to carry out these works for free as we were able to do with the work they have done to the Gatehouse and Information Centre.

Finance.

As last year we have again tapped into Paul Sawyers specialist knowledge. Paul has worked with Paco of Resortalia in producing and updating the 5 and 10-year forecasts, as well as simplifying the sub-communities budget accounts.

Report from Paul Sawyers

Finance Report

Good morning, this is the second time I have been asked to give a financial overview of the resort. Also I have been told to keep it brief and don't send anyone to sleep!

So...

2018 results and 2019 Budgets

You will all have received the 2018 results and the detailed budgets for 2019 and hopefully have read the supporting reports.

I won't go through the detail, but the important message for the combined position is - Better than expected results for 2018, no increase in fees for 2019 and continued significant expenditure on major works. That's good news for all the owners and the resort as a whole.

Sorry a bit more... I am just going to identify a few of the big numbers

First the 2018 results -

From the slide you will see

Income up nearly 12,000 euros, mainly due to bad debt recoveries

General expenses over spent by 12,000 euros, normal mix of up and downs, but main extra spend was on road cleaning after the storms.

Fewer bad debts provided for so better by - 12,000 euros

Less spent on repairs, provision releases and depreciation - 12,000

So the net result, nearly 34,000 better than budgeted for with just over 75,000 added to the combined reserves for future use.

Now the budget numbers –

Combined “income” – the share of owners fees 2.58 m euros

General expenses – 1.95m euro

Other costs - legal, bad debts, repairs, depreciation and provision movements, in total just under 600,000 euros

Result - surplus of just over 42,000 euros or 1.6% of total fees if everything else completely accurate

Major Repair works

Normally when funds are spent on repairs and maintenance, all the costs are allocated to that year. Historically there has been over 960,000 euros spent on repairs with a combined plan to spend nearly 475,000 euros in 2019.

Not all the identified projects are committed as yet due to final quotes, any change of priorities etc. So they may not all happen this year.

Capital Expenditure

When there is a long term benefit of that cost e.g. the painting lasting 8 - 10 years then that cost can be spread over a greater period. Together with the improvement to the pool surrounds, it has been agreed to spread these costs over 7 years. The expenditure on the security cameras has already been spread over 3 years.

Over the last two years 625,000 euros has been spent on long term projects with a further 660,000 planned for this year.

Over the next few years there is provision in the 5 year plan for significant major works as well as the remaining resort painting and pool surrounds projects.

Reserves

Both the individual buildings and the General Community are required to maintain a minimum level of reserves when setting budgets for each year. This should be 20% of the prior year's budget.

This why we have a 5 year plan. By managing these reserves the board are able to smooth out budgeted fees.

Currently we have 230,000 euros within the EUCC and 1.14m euros within the General Community.

Each Building President needs to be aware of their own reserves position and budget accordingly. To help them manage their numbers, we will be issuing some Financial Guidelines shortly.

Cash Flow

However, the overriding control or restraint on all expenditure, both normal and major works is cash flow.

Currently the consolidated cash position for the resort is very healthy but needs constant monitoring. At the end of 2018, it stood, in total, at over 2.2m euros.

We do not get much (if any) interest on this money and it is in multiple bank accounts to give us security under the Financial Guarantee scheme.

5 Year Plan

Last year was the first time a 5 year plan was prepared. This has now been “rolled” forward based on last year’s actual results and known changes to costs and major works going forward. Some priorities have also changed. There has been some small changes to the format but as a result, this is a major aid to the board in managing the resorts finances.

There is movement between the budgets of the EUCC and General Community to balance the budget requirements and the 5 year plan indicates that future combined fees can be kept to below 2%.

Just to be clear, the board are not just considering this year, but 5 years ahead in detail and 10 years ahead in broader terms.

Summary

Resortalia and the board continue to manage the resorts finances very well. Costs are being controlled with tight negotiations / renegotiations which benefit everyone, a recent example being lifts maintenance saving significant sums.

Major works are being planned and managed to balance priorities, reserves and cash flow.

The intention of the board is to keep owners fees at or below 2% per year but not guaranteed.

A zero increase has been achieved for 2018 and 2019 but unlikely for 2020.

A lot of work has been done to produce all the numbers which are summarised here today and manage all the collections and payments. I would like to thank Resortalia for their on-going support and efforts in this, Pepa, Paco, Charlotte, in fact the whole team.

So if you have any questions, please forward them to Resortalia.

Thank you for listening.

Thank you, Paul

Volunteers and Groups by GH

We have many owners who have volunteered their time and expertise to help with specific projects, not just members of the Board. Most have been mentioned in our reports but there are many more that help to make our resort a lovely place to live and visit. For example, the many owners who help man the information kiosk run by Peter and Jean Rowland who have a wealth of knowledge at their fingertips as well as a book library, what’s on locally and photocopying/printing facilities, which are available on Monday, Wednesday and Friday mornings.

The walking, cycling, and running groups are always very popular and I am pleased that Roger Wood and Andrew Smethurst will continue to organise trips for those interested.

Administrators by GH

Resortalia has continued to do a first-class job of what is not the easiest of services to provide. I think you will be surprised to know this year they have dealt with 2.302 owner`s queries at reception, emails, and telephone calls.

They have, in the Boards opinion, been treated unfairly by a small minority of owner`s hell bent on causing tension and dysfunction within their own ranks as well as in the Board. Of course, Resortalia will make mistakes and misinterpret some things. They are, of course, only human.

The Resortalia team is headed up by the knowledgeable Pepa, with Lola, Ana, Charlotte, Marta, Elena, and Paco, the only man in the team whose life, he tells me, is wonderful. Not surprising, really, with all those lovely ladies looking after him every day.

Thank you Pepa and her team

Board members

We have had some laughs and fun along the way, and, at the same time, we treated our roles responsibly and professionally. We try to use your money sensibly and treat it as though we are spending our own money. We endeavour to provide a safe environment and one that looks the best it can possibly be. Thank you to the Board members and other volunteers who provide help, advice, and friendship, without which my job would have been all the more difficult, you have all done a remarkable job.

We are not able to please everyone, as a small minority continue to harass me and the Board. They seem happy to try to upset and discourage us without having the balls to stand up and help the community themselves.

Take care going home and thank you for your time.