

MINUTES OF THE ANNUAL GENERAL ASSEMBLY OF THE E.U.C. SITIO DE CALAHONDA, HELD ON THE 27th OF MARCH 2014.

The meeting was opened at 10:30 a.m., at the time of the second calling, with a total attendance of 25,79%. The President, Mrs. Coral Castronuño, welcomed all those present and indicated that the meeting would be conducted in accordance with the rules of debate as had been the custom in previous Assemblies. Mr. Contreras explained these rules. She informed those present that matters of general interest would be discussed and therefore asked everyone who had doubts or problems of a personal nature to bring these up at another time with the Board Member in charge of the matter in question.

Item 1.- Approval, if warrants, of previous minutes.

The minutes of the last AGM held on the 21 March 2013 and the EGM held on the 11 December 2013 had been sent by post to all the owners and no objection had been received within the time limit. **A vote was taken and both minutes were unanimously approved.**

Item 2.- Presidents report:

Mrs. Castronuño informed about the most relevant issues since her report in the annual booklet. She informed that the Town Hall has demolished the abandoned building between calle Montecalahonda and Avda. De los Jardines, request that the neighbours of the area had been making for years. The E.U.C. reported the invasion of green area as soon as it occurred. With regard to swimming pools, though we know the malaise that exists, there isn't much we can do. We have spoken with them on several occasions and asked them to reconsider the time limits to adapt to the law. At present we have three agreements with the Town Hall: One for enabling to collect debtors fees through enforced recovery without having to go to Court, which is the main reason why we became an E.U.C. Another agreement in which everything regarding the public lighting and the maintenance of the installations would be carried out by a large company and this way the installations would then belong to the Town Hall. At present they are paying for the electric bills of the public lighting, but the contracts are in our name as well as the maintenance of the same. Lastly an agreement for the adaptation of Avda. De España, with pavements on both sides, elimination of gullies and creation of parking spaces. On the other hand Mrs. Castronuño informed that the company Wikiker Broadband, S.L. has started to install fibre-optics in the North part of the urbanisation. The Town Hall is creating many impediments for them to carry out their job and we can't give you a completion time. When they talked about the month of February they didn't imagine that there were going to be so many problems because they hadn't had any in other municipalities. There was an Extraordinary Assembly in which this matter was discussed and therefore we will not go into this matter further.

She also wanted to inform of the discomfort of several communities for the billing and collection of Acosol, S.A. for the differences between the reading of the totalizer and the communal meters. We held a meeting with the manager of the company to show him our concern and he said he would give us a reply. As we haven't received this reply yet we have presented a letter requesting information on this respect and also additional information on other matters contemplated on the contract. Lastly she informed that for the European elections the EUC office is going to be used as Electoral College to make it easier for neighbours in this area to vote.

The President opened a period for asking questions and Mrs. Garnier from calle Encinas asked about the matter regarding the swimming pools and if it affected individual properties, she was informed that no, it only affects communities of 20 or more dwellings.

Mrs. Gallardo, President of Jardines III, mentioned that due to the relocation of the rubbish containers by the Town Hall there are many points that are very dirty. Mr. Contreras informed her that the Town Hall had decided to relocate the containers without our consent and had created this problem in several areas. The Town Hall had committed to the regular cleaning of these points but is not actually doing so and therefore she was asked to report this matter to the Town Hall and pass us a copy as in many cases they are attending neighbour's claims.

Mr. Kilkelly, President of Las Villas, said that in calle del Golf there was a similar problem where they relocated the rubbish collection point at a distance of more than 2 kilometres. He presented a claim to the Town Hall, gave the EUC a copy and very promptly they proceeded to install a collection point near his community and therefore solving the problem.

Mrs. Rose from Miracielo said she received a phone call from a water company saying that she must sign a new contract before five days or they would cut the water off. Mr. Arteaga informed her that when the contract was signed between the EUC and Acosol all the contracts signed with the former company were valid and automatically trespassed to the new company and therefore it was not necessary to sign any new contract. Mr. Devine, representing Jardines I asked about the matter regarding the antennas and how it affected each community. Mr. Arteaga pointed out that he had drawn up a report clarifying the antenna law for the Board of Directors and that it had been published in the Calahonda Journal where the most relevant issues were mentioned. Nevertheless each community must make the necessary enquiries through their administrator to the Town Hall.

With no further questions we continued with the following Item on the Agenda.

Item 3. – a) Auditors Report for the year 2013.

b) Appointment of Auditors for the year 2014.

Mr. Joseph Fay of UHF Fay & Co. commenced by explaining the contents in the Accounts Report. First he pointed out that this year the ICAC (Institute of Censors and Accounts Auditors) had decided to normalise the reports that are carried out for communities and EUCs so that they couldn't be called Auditors reports but now have to be called Report on procedures agreed. The format and the name of the report changes but the work carried out is the same. In this report they must state the proceedings that are being carried out and inform about them to all the owners, from these proceedings any incidents with the accounts appear and must be reflected on the report. In the case of the EUC Sitio de Calahonda all the proceedings have been carried out and there are no incidents on the accounts and therefore their report is entirely clean which means that the accounts of the EUC showed a completely accurate image of the accounts and all the transactions have been carried out correctly. He also pointed out the changes in the fiscal rules with respect to EUCs in such a way that as from this year they have to prepare a declaration model informing of transactions with third parties (model 347) where they must reflect the transactions with third parties that surpass 3.000.-€ yearly. This model has no financial incidents as it is only informative. On the other hand, apparently there is jurisprudence established regarding the obligation to present by Conservation Entities the corporate income tax, but this model wouldn't have a significant impact on the accounts as you only have to declare the amounts obtained from rental income. A period for asking questions was opened, as there were no questions regarding the auditor's report, the approval in

b) Appointment of Auditors for the year 2014. Mrs. Castronuño proposed the re-election of UHY Fay & Co. as auditors for the year 2014. **It was voted and unanimously approved.**

Mrs. Castronuño pointed out that all the owners had received the documentation relating to the accounts for the year that has ended and passed the word to Mr. Björklund, Treasurer of the EUC who explained in detail the debtors list and the actions that are being taken to collect the debt. He presented several graphs showing the situation of the debt where most part of it has payment agreements or is being claimed through court. He also explained by means of graphs the breakdown of the debt by years and the situation of the same as well as the evolution of the collection of current fees and previous debts. He pointed out the high percentage of fee collection and thanked all the neighbours, presidents of communities and administrators for their cooperation. As there were no questions, **the approval of the accounts for the 2013 financial year was voted and unanimously approved. Also requested was authorisation to the President of the EUC for taking legal action against the debtors. This was unanimously approved.**

Mr. Björklund, treasurer of the EUC Sitio de Calahonda, mentioned that this year's budget is also a conservative budget due to the current crisis that we have been suffering for some years now. The Board of Directors has decided to present a budget proposal with an increase of 0,64%. The variations with respect to last year's budget are few. He presented to the Assembly several graphs showing the evolution of the budget during the past years and the medium fee, that for this year was 176,50.-€/per dwelling. He also pointed out the fact that 80% of the owners pay less than 200.-€/a year. After the publication of the budget project we have found out about the increase applied to the social security that will have an impact of 6.000.-€ in staff expenses and therefore he recommended increasing the budget by that amount. The annual budget amounts to 1.200.000.-€

A period for asking questions was opened and as there were no questions, **the budget for the 2014 financial year with an increase of 6.000.-€ to cover the increase of social security costs was voted and unanimously approved. The budget for the 2014 financial year is the following:**

	2014	2013	%	Expenses 13
I.- Maintenance & repairs				
1.1. Operative services personnel costs	260.200,00	256.000,00	1,64%	244.185,15
1.2. Public lighthting	20.000,00	20.000,00	0,00%	18.659,34
1.3. Gardens	10.000,00	10.000,00	0,00%	9.561,17
1.4. Improvements	62.000,00	62.000,00	0,00%	61.653,98
1.5. Roads	28.250,00	28.250,00	0,00%	22.412,27
1.6. Vehicles	9.200,00	8.700,00	5,75%	13.403,62
1.7. Fire precautions	27.800,00	27.800,00	0,00%	29.709,13
1.8. Garden rubbish collect.	69.000,00	66.000,00	4,55%	70.785,00
1.9. Cleaning of streets	2.500,00	2.500,00	0,00%	2.062,92
1.10. Others	2.000,00	2.000,00	0,00%	2.080,01
Total I	486.750,00	483.250,00	1,59%	474.422,59
II.- Profesional services	51.450,00	50.200,00	2,49%	51.799,35
III.- Security service	420.000,00	420.000,00	0,00%	409.233,64
IV.- Insurance	8.500,00	8.500,00	0,00%	8.372,46
V.-Electric, water, petrol consumpt.				
5.1. Electric light consumption	31.550,00	32.000,00	-1,41%	30.753,72
5.2. Water consumption	4.900,00	4.300,00	13,95%	5.197,63
5.3. Petrol consumption	13.000,00	12.000,00	8,33%	14.311,77
Total V	49.450,00	48.300,00	2,38%	50.263,12
VI.- Administration office				
6.1. Personnel cost	126.800,00	122.000,00	3,90%	122.683,95
6.2. Office expenses	10.800,00	11.500,00	-6,09%	11.566,74
Total VI	133.500,00	134.800,00	3,07%	134.250,69
VII.- Other expenses				
7.1. Capital goods	3.800,00	5.700,00	-33,33%	7.962,07
7.2. Director's fees	19.950,00	19.950,00	0,00%	19.950,00
7.3. General expenses	5.000,00	5.000,00	0,00%	4.040,43
7.4. Conting./Emergencies	5.000,00	5.000,00	0,00%	2.794,64
7.5 Reserve fund (art.9 HPL)	14.300,00	13.000,00	10,00%	0,00
Total VII	48.050,00	48.650,00	-1,23%	35.111,14
Total euros	1.206.000,00	1.192.400,00	1,14%	1.163.452,99

$$50\% \text{ prespto} = \frac{603.000\text{€}}{1.653.303,13 \text{ pt}} = 0,3648\text{€pto} \quad 50\% \text{ prespto} = \frac{603.000\text{€}}{6799 \text{ uds.}} = 88,69\text{€ud.}$$

Mrs. Castronuño informed the Assembly that this year there were only six candidates for the Board of Directors that are the following: Mr. Björklund, Mr. Contreras, Mr. Cuevas, Mr. Kilkelly, Mr. Nicholls and Mr. Ruiz. As a new candidate we have Mr. Kilkelly who introduced himself to the Assembly. The election of candidates for the Board of Directors was voted and approved unanimously. She also informed that there was only one candidate for President, Mrs. Castronuño. A hand vote was taken and the candidate Mrs. Castronuño was re-elected President of the EUC and it was unanimously approved. Mrs. Castronuño

did not want to miss this opportunity to publically thank Mr. Harboe for his work and cooperation during several years as a member of the Board of Directors of the EUC.

Item 7.- Report on matters of interest that affect the urbanisation. Measures to be taken.

Mrs. Castronuño passed the word to Mr. Arteaga, lawyer of the EUC, who explained that the objective of this item was to inform of the different agreements reached during the year that have to be ratified by the Assembly. He informed that during this year no agreement had been signed, however we are currently negotiating an agreement with the entity Naviro Inmobiliaria, developer of the building project on the plot on Avda. De España. This company, that at present has entered an arrangement with creditors, gave us an endorsement of 200.000.-€ to guarantee the infrastructure improvements in the area and we would obtain this amount once they got the building license approved. The crisis has entailed that this company entered an arrangement with creditors and the whole matter was paralysed. At present the former owner of the land is trying to solve the problem and to do so we must return the endorsement to the company Naviro. The signing of this agreement would suppose returning the endorsement and in exchange they would pay the community fees debt and they would be obliged to make a mortgage guarantee in favour of the EUC for the 200.000.-€ that will be handed over to the EUC when the works start. What we are asking at this meeting is for the authorisation of the assembly to conclude this agreement and the signing of the same by Mrs. Castronuño. Mr. Harboe asked if there was any project for that plot. He was informed that the project is the same as the one approved in due time by the Town Hall, which is that of some apartments and a small shopping centre. It was voted and unanimously approved to authorise the Board of Directors to conclude the agreement in the most convenient conditions and also to authorise Mrs. Castronuño to sign the agreement reached.

Item 8.- Proposal for modifying articles 12.1 and 14.2 of the Statutes:

Mr. Arteaga informed that with this modification the Board of Directors intends to guarantee the security of people using pavements as at present many neighbours have installed obstacles, manholes and other elements that could be a risk for people's safety. With this modification it is made clear that the EUC will only be responsible for the communal elements of its ownership and will not be responsible for those elements that neighbours have installed without EUC authorisation and we will also be able to remove those obstacles if the Board of Directors considers it appropriate.

1.- Modification of article 12.1 of the Statutes. The current redaction of the article is the following: *"1.- To maintain in good condition the common elements and installations in the Urbanised zones, and in the zones still to be urbanised after their acceptance by the General Assembly under the terms and conditions stated in these Statutes, carrying out the necessary works to this effect, so the aforementioned common elements and installations fulfil the proper structural, permeability, inhabitability and security conditions."* The modification proposed is the following: *"1.- To maintain in good condition the common elements and installations in the Urbanised zones, and in the zones still to be urbanised after their acceptance by the General Assembly under the terms and conditions stated in these Statutes."*

2.- Modification of article 14.2 ñ of the Statutes. The current redaction of the article is the following: *"ñ) Each owner is obliged to construct and maintain the sidewalks in front of his property if so required by the Board of Directors and according to the instructions and*

conditions stated by this governing body in this regard." The modification proposed is the following: *ñ) Each owner is obliged to respect and maintain the sidewalks in front of his property in appropriate conditions and according to the instructions stated by the Board of Directors in this regard. Under no circumstances will it be allowed to install, nor leave on the pavements or common elements in general of the urbanisation any element that hasn't been authorised in writing and expressly conferred by the Board and, amongst them, plants, structures, manholes that do not belong to the EUC, grids over manholes or gullies, urban furniture, curb stones or any other similar element even if this is temporary or removable. In no case will the obligation of the EUC of conservation and maintenance of the common elements extend to those elements not expressly authorised, being any responsibility derived from the same on account of its owner or, where appropriate, of the person or persons that benefit from those elements. The EUC SITIO DE CALAHONDA has the faculty to, at any time, remove any of the pointed out elements and the costs caused from this removal will be on account of the owner or, where appropriate, the person or persons that benefit from these elements.* A period for asking questions was opened:

Mr. Collier, president of Las Brisas, Mr. Velsboe, president of Jardines de Miramar and Mr. Macdonald, president of Nidos, asked about the metal grills over the gullies. They were informed that these grills are forbidden and that there mustn't be anything installed on the roads and that the gullies are part of the roads. They were informed about the solution adopted and that each case was studied individually to find the best solution possible. They were invited to go to the EUC office to study each case.

Mrs. Rose didn't understand why the metal grills were not allowed if each owner keeps them clean. She was informed that it was a legal matter. At present the Town Hall does not allow this type of installations and as has been mentioned before it is a matter of guaranteeing the security and avoiding the EUC being penalised for something an individual has installed.

Mr. Kilkelly, president of Las Villas in calle Golf, mentioned that there were some metal grills in his street that the owners didn't maintain and that got blocked causing damage to the houses of the neighbours due to the rain. When they adopted this solution the problem disappeared. Therefore he considers it a good idea. **As there were no more questions, the modification of articles 12.1 and 14.2.ñ was voted and unanimously approved.**

Item 9.- Proposals from the owners in accordance with article 23.3 of the Statutes:

Since no proposals had been made, the meeting moved on to the following Item.

Item 10- Any other business.

Mr. Day, President of Villas Mediterráneas mentioned that it would be a good idea that each member introduced themselves and the post they have on the Board to know who to direct to in each moment. They were all introduced and it will be taken into account for following meetings. Mrs. Rose proposed putting some labels with their names and post, a note was taken for the following meeting. As there were no more questions, Mrs. Castronuño closed the meeting.

Coral Castronuño de Sarachaga
President

William Frederick Nicholls
Secretary