

THE DONA LOLA CLUB
Minutes of the Annual General Meeting
Held at the Elmers Court Country Club
On Friday 26th October 2007 at 11.00 a.m.

The Chairman, **Mr Geoff Hill** opened the meeting by welcoming everyone present and introduced the other committee members and those in attendance.

<u>Present:</u>	Mr D Baker	Owners Representative
	Mr B Perrett	Owners Representative
	Mr S Jackson	Managing Director, Macdonald Resorts
	Mr R Scott	Finance Director, Macdonald Resorts
<u>In Attendance:</u>	Mr S Urquia	Chief Operating Officer, Spain
	Mr S Bryant	Sales Director, Macdonald Resorts
	Mrs G Macpherson	Minute Secretary, Macdonald Resorts

The Chairman then advised that he had received several letters of apology and compliments and thanked those owners who had taken the time to write to him with their comments.

1. Approval of Minutes of the Annual General Meeting held on 20th October 2006

The Chairman explained that the minutes had been circulated with the management fee invoices and had been duly amended by those owners present. The minutes were proposed by Mrs Cutland (Car 222, Wk 37) and seconded by Mr Slydel (Vic 101, Wks 19/20).

The Chairman then passed to Mr Simon Jackson to update the meeting on progress within the Management Company.

Mr Jackson stated that the last 12 months had seen enormous progress across the Macdonald Resorts business in terms of working closely with the elected committee on behalf of the members of the Dona Lola Club. He re-affirmed the importance Macdonald Resorts places on its customers, namely those in attendance and the other members of the Club for their valued custom.

Mr Jackson advised that with his responsibility for the Resorts business he had once again pro-actively looked at ways during the year of enhancing owner enjoyment, through listening to owner's ideas, responding directly to owner feedback, focusing on resale and rental strategies along with working with the committees to address each Club's bad debt situation.

He advised that the core management team at Macdonald Resorts had remained unchanged during the last 36 months. This had enabled all individuals to concentrate on delivering enhanced levels of service across the estate. He stated that with the ongoing development of the now well-established senior resorts team he was confident that they would provide the support, continuity and direction for the business going forward.

Mr Jackson stated that once again Macdonald Resorts had worked very hard through-out 2007 with RCI to ensure that they maintain the very highest standards on all of the Resorts. He was delighted that Marj Anderson from RCI was in attendance supporting the Dona Lola Club. He stated that RCI, as announced at last years AGM, had introduced a new awards system for the future. This now ranks each resort into one of 4 principal categories as follows:

- Gold Crown
- Silver Crown (formally know as RID Resort of International Distinction)
- Hospitality
- Standard Recognition

Mr Jackson stated that he was delighted to announce that RCI had awarded the resort with the prestigious Gold Crown Award, the highest possible category.

He added that although Gold Crown had been achieved, the Management Company understands the need to work closely with the committee to ensure that the high standards achieved are maintained and improved on for the future.

Mr Jackson stated that it was worth noting that group wide, Macdonald Resorts had in 2007 achieved Gold Crown status on 8 sites and 1 Silver Crown on one other and this is something unrivalled in the European arena.

He advised that in the 12 months to August 2007 there had been 1,367 exchangers of which 495 returned scorecards to RCI.

Mr Jackson added that in early October the Macdonald Group had been privileged to receive the award for "Hotel Group of the Year" from the AA. This is an award, which recognises the hard work and improvements that have been made in recent years.

Mr Jackson advised that Robert Scott would cover the subject of bad debt in detail in his presentation of the annual club accounts; however he assured members that debtors throughout the year had been pursued vigorously, through the courts when necessary and with a continuing programme of enforced resales.

Mr Jackson then stated that he was delighted, as was the committee and he hoped the owners were also, that the total number of resales sold across the business and units let on behalf of owners had once again been considerable. He advised that the number of rentals achieved in the period October 2006 to September 2007 was 2,267 with over £727,000 paid to owners in rental income. He added that for the same period the actual number of resales sold on behalf of owners across the group equates to 1,256 of which 36 were enforced. He stated that once again this is a significant move in the right direction in terms of the bad debt situation as it is generally owners who cannot sell their weeks who eventually become bad debtors. He added that it should be noted that Macdonald Resorts performance on selling resales equates to 1 in 5 sold of those registered versus the European industry trend of 1 in 10.

He confirmed that Macdonald Resorts would continue to offer this service for the benefit of all, however pointed out that the total number of weeks registered across the group remains significant at circa 6,000, a figure that Macdonald Resorts will strive to diminish further in the future, through an effective sales and marketing strategy.

Mr Jackson advised that Macdonald Resorts had received many calls from owners asking for advice regarding other resale companies. He stated that as an owner, you are entitled to register your week for sale with any company if you are not happy with the service Macdonald Resorts provide, however he pointed out that owners should treat with caution upfront fees that some companies charge. He stated that for the avoidance of doubt to make it public knowledge that Macdonald Resorts Limited does not have any commercial relationship with any third party resale companies. He asked owners wishing further information on any specific resale enquiry to please contact the team in attendance or to visit the sales centre at their home resort.

He stated that the Options Vacations Club was continuing to grow with many owners choosing to enter this new way of holidaying. The ability to utilise the Macdonald Hotels portfolio under this system had been enormously utilised this year by owners and just to give some indication of this, he stated that 80% of all Options member reservations in the last 12 months were into a Macdonald Hotel. He confirmed that this programme would continue to be sold in the year ahead alongside the aforementioned resale programme. He stated that for information the Options Club now has over 1,000 members who enjoy these benefits and have ceded over 1,900 weeks.

Mr Jackson stated that his final update was with regard to the Dona Lola Club and Macdonald Resorts commitment to effective communication with their valued owners. He added that details of specific improvements would be covered in detail later in the meeting by some of the other speakers, however felt it was important that he pointed out the following: -

1. New Leisure Club
2. Gardens
3. Adult Pool Area

He also confirmed, as announced at last years AGM's, that the re introduction of the Macdonald newsletter had been warmly welcomed by the owners. He advised that copies of the latest version were available here today. He stated that the intention to issue this publication to all owners was ongoing, so that owners are kept up-to date with the latest developments at their home resort. He advised that the newsletter can also be downloaded from the Macdonald website www.macdonald-resorts.co.uk or can be collected from owners' home resort.

Mr Jackson concluded by advising that he was delighted to report that the new pre-arrival pack was now in full operation across the UK and Spain. Again he stated if owners had not seen a copy of this publication, copies were available and the team in attendance would gladly issue owners with a copy.

Mr Jackson thanked Geoff Hill and the rest of the committee for their continued hard work over the last 12 months and reminded those present that their work is voluntary and that they do a superb job in protecting every-ones' interests at the club.

Mr Jackson then thanked the members for their attention and passed back to Mr Hill.

The Chairman then congratulated Mr Jackson and his team for a very successful year, the third under Mr Jackson's stewardship.

The Chairman then moved to the second item on the agenda and advised that Mr Scott would present the accounts and a short statement would follow this from David Baker.

2. To Receive the Accounts and Sinking Fund Statement for the 12 months ended 30th June 2007

Mr Scott stated that under the terms of the Management Agreement, the Management Company is responsible for keeping proper accounting records, which disclose accurately the financial position of the Club and for preparing an annual statement of accounts upon which an independent audit opinion is obtained addressed to the members of the Club. That opinion is that the statements for the accounting period had been properly prepared in accordance with the Club's accounting policies.

Mr Scott presented the accounts and highlighted the following:

Management Fees: increase in the year was 8.5%. He explained that the total income had been shown net of unpaid fees to give the total management fees received in the year and had been further split to show management fees received from the Management Company in respect of unsold weeks.

Telephone: income decreased considerably in the year due to more frequent use of prepaid cards and mobile phones. He advised that a recovery of a fixed element of line rental costs, as reported last year, had been processed which ensured that a small surplus on telephones had been achieved.

Heat & Light: income decreased year on year to £71,751 due entirely to lower occupancy in the period and the resultant surplus on electricity was £588 under budget for the period.

Other Income: included interest charged for the late payment of management fees, which amounted to £8,823 for the year compared to £7,921 in the previous period. Mr Scott explained that other income also included rentals in maintenance weeks, laundry income, costs of breakages and sundry hires.

Wages & Staff Costs: include recruitment, training costs and uniforms. Mr Scott stated that total expenditure had increased by 2% year on year and was £150 off a budget for wages of £734,739. The increase in the cost of housekeeping maids reported to members last year had been offset by productivity gains together with lower than expected occupancy and a favourable exchange rate during the period.

Community Charges: increased marginally on last year. However the total of £166,248 was some £3,000 under budget for the period.

Cleaning & Laundry Costs: increased to £106,082 in the year some £6,000 greater than budget. With regard to laundry the Management Company continue to launder at Dona Lola on behalf of the Club at lower rates than external companies. Mr Scott stated that Sebastian Urquia would continue to monitor this charge. In addition, the increase in cost of cleaning supplies and housekeeping consumables was greater than anticipated.

Repairs & Routine Maintenance: costs decreased in the year as expected however the total of £71,598 exceeded budget by £3,500 due mainly to additional expenditure on apartment inventory and linen replacement which had been charged against revenue as opposed to sinking fund with the committee's approval.

Insurance: increased to £23,593 in the year following negotiations by the Managements Company's broker on behalf of the Club with premiums still remaining at a level below charges payable by the club as far back as the late 1990's.

Postage, Printing, Stationery: costs increased to £18,136 in the year due mainly to the increased costs associated with pre-arrival packs. Mr Scott advised that the current financial year budget is more reflective of this increased charge.

Professional Fees: include debt collection costs, audit fees and legal expenses incurred in Spain and the UK and had decreased by £4,663 year on year due entirely to a recovery of an over provision of UK legal fees following receipt of solicitor invoices during the period.

Trustee Expenses: Along with other Spanish resorts this year had seen additional invoices received from the trustee relating to prior years resulting in an increased cost of £12,050.

Motor & Travel Expenses: had increased beyond budget with unforeseen repairs to a resort vehicle in addition to travel and subsistence costs being greater than expected.

General: includes costs such as leasing and equipment hire, licences, bank charges, credit card commission and other miscellaneous expenditure. Mr Scott stated that costs had collectively decreased to £34,622 due mainly to effective cost control in these areas, in addition to additional interest received in the Club's management fee trust account. This interest is netted off against bank and credit card charges payable by the Club.

Administration Costs: reflect the central costs including the salary, wages and other costs of departments such as management, accounts, both in Spain and in the UK, and owner services. He advised that the committee is provided with full details of the allocation of administration costs to the Club at the budget meeting and thereafter are advised of any changes to the central cost structure.

Interest: Mr Scott advised that interest payable to the Management Company had once again reduced considerably to £2,860 for the period as a consequence of the net reduction in debtors funding.

Sinking Fund Allocation: of £408,207 represents a net 19% of the basic management fee receivable.

Mr Scott stated that most other revenue values in the accounts had been controlled within budget or showed insignificant variances to the previous year.

Factorial Fee: under the terms of the Management Agreement all expenditure attracts a 15% factorial fee, which is the Management Company's charge for the provision of services to the Club.

Surplus/Deficit: Mr Scott stated that in the year a surplus of £11,999 was achieved, reducing the deficit carried forward to £120,787.

Sinking Fund: as at June 2006 the sinking fund available was £59,709. Contribution to the sinking fund during the year was £406,589 including interest and the net proceeds of £4,258 in respect of successful enforced resales,

the monies of which had been held in trust for 3 years and where the default owners could no longer be traced. Mr Scott advised that expenditure of £423,480 during the year was mainly on planned lodge refurbishment. As at June 2007, the sinking fund available was £42,818.

Balance Sheet: the net liabilities of the Club as at June 2007, were £77,696.

Club Debt Policies: Mr Scott stated that the Club's balance sheet shows unpaid management fees at a value of £43,777 net of provision for bad debt. He stated that the recovery of the £239 thousand pounds of outstanding contributions, however, remains a priority to the Management Company and the committee. He stated that the robust policies in place continue to minimise the problem of non-payment and that the use of an independent debt collection agency combined with an online court service for legal actions against Club debtors continued to produce results. In addition, wherever possible, they would endeavour to sell weeks on under the terms of the enforced resale provisions in the Club's constitution.

Mr Scott concluded by advising that the Management Company remained committed to improving the number of owner resales and enforced resales achieved through effective resale policies to ensure that, as many members as possible who wished to relinquish ownership are satisfied with their exit from the Club. He stated that equally important was the appeal of the Club for the attraction of new members necessary to secure the Club's future financial position.

The Chairman thanked Mr Scott for his presentation and invited Mr Baker, Owner Representative to address the meeting.

Mr Baker advised that he had been co-opted to the Committee last May to help oversee the Club's finances following the sad death of John Roddy. He stated that it was early days, particularly as the Club is in Spain and subject to different currency and rules and regulations. Mr Baker stated that his initial enquiries would be directed at the following: -

1. Whether the Club should insure against sudden variations in exchange rates.
2. How the Community Charge (equivalent to our Council Tax) is split between private owners, Club, Leisure and Macdonalds
3. Increasing Laundry Costs.
4. Reduction of the high outstanding debtors and enforced re-sales.
5. The adequacy of the Sinking Fund, bearing in mind that we all wish our apartments to be in good condition and up to date

Mr Baker stated that he should be able to fully answer questions on these topics at next year's AGM.

The Chairman invited questions from the floor on the finance section.

Mr J Harding (Mrg 101 Wk 17 & Mrt 222 Wk 18) asked if he could have a breakdown of Other Income on page 3 of the accounts. Mr Scott stated that the majority of the other income was in respect of interest on outstanding management fees, which is charged at 2% monthly in addition to other miscellaneous revenue.

Mr Harding asked if all members had to pay the Wet Leisure Charge. Mr Scott stated that yes all members had to pay this charge following a Special General Meeting held in 1993. Mr Harding asked what the charge to local residents for membership was. Mr Urquia advised that the minimum charge was 55€ a month for standard membership rising to 85€ for platinum membership.

Mr Siddall (Sofia 204, Wks7/8/9) stated that he understood the closure of the leisure facility was due to structural defects, he asked for clarification on the cost and who was responsible for this. The Chairman advised that all costs were borne by Macdonald Resorts Ltd.

Mr K Slydel (Vic 101, Wk 19/20) stated that he felt the management fee sinking fund was a bit low. Mr Scott stated that the sinking fund was 19% of the management fee whereas the recommended figure was 15% and was assessed each year at the Budget meeting when expenditure proposals were agreed.

Mr Perrett stated that the committee had discussed ways of bringing the refurbishment programme forward and how this could be funded and that the committee decided to ask the owners if they would be prepared to supplement this by way of a questionnaire. He stated that to date he had 350 responses and the vast majority had said no they would not be prepared to supplement the programme.

Mrs Rowley (Mrt 121, Wk 4) stated that she had been affected by the closure of the leisure facilities over the winter and should this charge not be less for people who own at this time. Mr Baker stated that he had been affected also, and while he sympathised, he stated if we pay less others would have to pay more. The Chairman stated that those affected had been given partial refunds.

Mr M Congdon (Roc 121, Wk 5) stated that he also had been affected by the closure of the leisure facilities but he stated that not only had these facilities been unavailable, Barbrass had been closed, no entertainment was on and he stated that he had been told that they were unavailable as a way of cutting costs in the winter months. The Chairman stated that these matters had been addressed. Mr Jackson advised that following feedback from owners Barbrass would be open all winter.

3. Chairman's Report

The Chairman stated that the AA Hotel Group of the Year Award that Macdonald Hotels & Resorts had won was a hugely prestigious award, presented in recognition of the hotel group that has a proven track record of striving to ensure the very best levels of service for accommodation and food across their range of properties.

The Chairman stated that the award of RCI Gold Crown at Dona Lola, as advised by Mr Jackson, was as a result of the hard work of the Chief Operating Officer, Sebastian Urquia, Angel the Resort Manager and his Heads of Departments and their staff and he thanked them all for their hard work.

The Chairman then invited Mr Perrett, the Website Manager to comment on the work he had carried out during the year.

Bill Perrett updated the AGM on the club website at www.donalola.net including the new Flickr facility allowing owners or guests to upload photographs of the resort and holidays there.

He advised about the questionnaire that had recently been sent out to all owners as part of their AGM packs. The objective was to identify the expectations of owners and how well we are doing against these. He stated that this would allow the committee to review plans and priorities in the light of results. He advised that over 300 responses had already been received. Once all responses are in and they have been analysed for consideration by the committee a summary of the results will be reported to owners in the Chairman's Newsletter.

The Chairman stated that he had little to add to his report submitted with the AGM papers. He thanked those owners who had written with questions and he advised that the owner services department would be replying to these letters in due course. He stated that the letters had been categorized and would be addressed under any other business.

He thanked his colleagues on the committee for their continued dedication and support over the past year. The Chairman also advised that the minutes from all committee meetings were available from reception at the resort and can be perused by owners on application.

The Chairman stated that this year had been the best ever for resales and enforced sales and stated that the sales team under the stewardship of Steve Bryant should be congratulated.

The Chairman concluded by stating that the committee works closely with the management company and this year had seen further improvements on all fronts and aspects of the business. He then thanked all for their attendance.

4. Election of Committee

The Chairman advised that it was Mr Perrett's turn to retire by rotation and he was willing to stand for re-election. As no other nominations had been received in accordance with the constitution it was therefore not necessary to have an election. Mr W Perrett was duly elected to serve a further 3 years. He explained that there was a further vacancy on the committee due to the sad loss of John Roddy and Mr Baker a retired banker and business man had been co-opted as a member at the May 2007 meeting had indicated his willingness to stand as a full committee member for the remaining 2 year term and his CV had been enclosed. As no other nominations had been received in accordance with the constitution it was therefore not necessary to have an election. Mr Baker was duly elected to serve for a two-year term, proposed by Mr Perrett and seconded by Mr Hill.

5. Any Other Business

The Chairman stated that some 20 letters and emails had been received and some phone calls, making suggestions and statements all of which had been discussed by the committee and had been categorised as follows:-

- Non Sale of Owners Weeks
- Handrails and Markings for the Disabled
- Service Levels in Barbrass
- Suggestions for Improvements in Diana Apartments
- Finance
- Washing Machines verses Dishwashers
- Cats

The Chairman stated that it is always his policy to ask for questions in writing prior to the AGM should they be of general interest. He stated that all letters would be responded to by the owner services department in Aviemore after the AGM. He stated that unfortunately most of the letters/emails that the committee receives are relating to owners who have not sold their weeks, and the AGM was not the forum for reading out all their letters.

The Chairman then stated that Macdonald Resorts Ltd operates the Sales Department as a profit centre and they cannot guarantee any time scale that a successful sale will be achieved. The resale service is an entirely optional service provided to owners by the management company. Macdonald Resorts Ltd and not the club meet the cost of this service and it should be noted that the sales team cannot contact each individual owner with an update. However there is a Freephone telephone number available.

He stated that all owner resale weeks are available for sale at all of the resorts in Spain and the UK. In addition the resorts are promoted at over 40 Macdonald Hotels in the UK and they also offer inspection visits to the resorts, the cost of which is subsidised by Macdonald Resorts Ltd.

The Chairman stated as a large resort with 162 apartments there are many resale weeks available particularly in the late and early weeks, Macdonald Resorts, however endeavours to achieve the requested registration price, whatever it may be.

The Chairman advised that he had been assured by the Chief Operating Officer that handrails and markings have been affected by the resort. Also that during the summer months Barbrass had 2 waiters on duty, unfortunately in October there were difficulties with staff but this has since been addressed and Barbrass would remain open over the winter months. He stated that at present we are committed to a heavy refurbishment programme but will look at dishwashers' verses washing machines when funding is available.

He advised that although there had been issues with cats a few months ago since asking owners not to feed them in the information packs, no further complaints had been received.

He then opened the floor for questions.

Mr D Perry (Vanessa 101, Wk I) stated that the resort is fantastic but unfortunately his wife suffers from MS and he is no longer a youngster, therefore they can no longer use their apartment and have had it up for resale for 4 years. Last year he was talked out of selling his week and bought into options but has not been able to utilise this either.

Mrs Cutland (Carolina 222, Wk37) enquired as to the possibility of being able to offer apartments for a limited period for a cheaper price. Mr Jackson stated that he was not saying no to any proposal of selling weeks cheaply but there needed to be a balance between meeting owners needs to sell while maintaining the value of weeks owned by people who still enjoy the Club.

Mr C Collins (multiple weeks) enquired as to why his weeks cannot be rented and stated that in 2005 he had placed 6 weeks in the owners rental programme and had received in return one payment of £37.30. Mr Jackson could not specifically comment on this instance, however stated that the shoulder elements (November through to March) does impact on the rental programme as these are the times when the resorts are generally quieter. He did reaffirm that the rental income paid out to owners had increased to £727,000 this year as pointed out in his earlier speech. Mr Urquia offered to have a chat with Mr Collins after the meeting. Mr Collins stated that he had never had this problem with Barratts and that they had always rented out his weeks. Mr Jackson then stated that he would like to make one point regarding this and that was that the staff that worked for Barratts were the same staff that worked for Macdonalds today in most instances. He also advised that there had been a general drop in the rental of apartments in Spain. As officially announced by the Spanish Tourist Board.

Mr R Walker (Patricia 222, Wk5, Diana 105, Wk21 & Diana 107, Wk 28) stated that one of the problems with resales is that weeks are often sold too cheaply. Mr Jackson replied that he agreed. If weeks were sold too cheaply potential buyers would wonder what was wrong with the resort. He had discussed this issue with Steve Bryant, Sales Director, and prices have risen but we need to get the right balance.

Mr A Worth (Luisa K, Wks 51/52) stated that he just wanted to advise that a company called Euronet Spain had recently contacted him offering him £9,000 for his two weeks . However they had advised him that they would require upfront fees and he just wanted to warn other owners. The Chairman thanked Mr Worth for warning the ownership.

Mrs J Harvey-Samuel (Claudia N, Wk 41) enquired as to what was the latest update on videos for the apartments for when she takes her grandchildren to the resort. Mr Jackson advised that a new interactive television system was being installed at Dona Lola circa the second week in November. He explained that this system would allow owners to access movies on demand, games, music and internet facilities for a small fee. He advised that discussions were still taking place with the committee concerning the price of this service but that a daily price or weekly price would be available to owners.

Mr J Stoye (Margarita 304 Wks 3/4 & Martha 142 Wks 39 & 40) stated that he enjoys his visits to the resort very much, as it is a wonderful climate and extraordinary experience and for the past 21yrs he has been swimming before his breakfast every day. On his last visit the rope, which he used to access the pool, had been removed and he asked the reasons for this. Mr Urquia advised this had been removed for Health and Safety reasons. Mr Stoye replied that he felt the pool was now more dangerous without the rope. Mr Urquia responded that Health and Safety regulations were now much stricter but assured Mr Stoye that arrangements would be made for his next visit.

Mr J Harding (Margarita 101 Wk17) enquired as to why he had been quoted a price of £198 B&B and £248 DB&B for the night at Elmers Court when it had been advertised in the Superbreaks brochure for £70. Mr Jackson stated that this year the timing of the AGM had not been ideal, as it had fallen into half-term holidays. This had caused problems, as occupancy rates were very high and it was this had driven up the price.

Mr R Walker enquired as to the possibility of moving the location of the AGM. Mr Scott advised that approximately 25% of the ownership was Scottish and he would suggest as other Clubs do moving the AGM to Scotland once every 4 years but it was a committee decision.

Mrs Aguilar (Laura 101 Wk 21) stated that she had visited a refurbished apartment and that the improvements were good. She noted that the TVs were being replaced and enquired as to whether DVDs would be put into the apartments. Mr Urquia stated that with the new television system that was being installed on site would elevate the need for DVDs in all units however the resort would keep some DVD players that could be requested at reception subject to availability.

Mr Young (multiple weeks) stated that since the last AGM he had visited the resort 4 times. He stated that the resort had come a long way and he felt that sometimes owners forget how hard the staff work towards making sure we enjoy our holidays. He stated that the sales staff on site do a great job, he added that options is excellent and works well. Mr Young stated that reception is really good, always a friendly smile to greet you. He advised that in July he had attended the Sweet Temptations tribute night and stated that it was one of the best nights he had had in many years, everybody had fun, the food was great and the staff and the resort have a great buzz about it.

Mr Young stated that Dona Lola is like a second home to him. It is a happy resort where people care and he was proud to own there and would do his best to promote it. He congratulated the Management Company and the committee on moving Dona Lola forward.

Mr Cutland asked for a vote of thanks from the members present to Mr Hill as Chairman of the committee and the other representatives on the committee for the hard work they had carried out on the behalf of members. The audience showed their appreciation in the usual way.

There being no further business, the Chairman thanked all for attending, wished everyone a safe journey home and closed the meeting at 1235 hours.