

Minutes of the Twelfth Annual General Meeting Of
THURNHAM OWNERS' CLUB

Held on Thursday 12 June 2008 at 2pm at the Hilton Hotel, Blackpool

Present:

Ian Hollins	(IH)	Chairman
Fred Evans	(FE)	Committee Member
George Yoxall	(GY)	Committee Member
Peter Nielsen	(PIN)	Founder Member Representative
Steve Rixon	(SR)	Resort Management Area Director

In Attendance:

Philip Boomhead	(PB)	Legal services Director, FNTC
Lorna Cardwell	(LC)	Assistant General Manager

58 members

IH opened the meeting, welcomed everyone present and introduced the top table.

1. Apologies for absence

Apologies were received from Allan and Florence Hunt, Derek and Barbara Kenyon, Mrs Evans, Mrs Yoxall, Mr and Mrs Robinson and Margaret & William Chapple.

2. Read and confirm the minutes of the last Annual General meeting

The minutes of the last Annual General meeting, having previously been distributed were accepted as a true record of the meeting. Proposed by Terry Ennis, seconded by Pippa Wilson.

3. Matters arising therefrom

There were no matters arising.

4. Chairman's Report

As the report had already been distributed in the Notice, **IH** briefly summarised its contents.

He highlighted that the resort would be undergoing some serious maintenance work to the roof from around November time. Those members who have a fixed week unit in the main hall may have to be re-allocated to another unit whilst the work is taking place. **LC** and her team were obviously going to do all they could to minimise any disruption to members, but **IH** asked for members' understanding as they go through the difficult time.

Letters were recently sent to fixed week members who had ceded their week to the Thurnham Vacation Club inviting them to attend a meeting specifically for these owners to enable them to get the most out of their membership. Not all fixed week members will have received a letter as they were only sent to vacation club members. The feedback from the meeting was excellent. **IH** wished to record his apologies for the lateness of the notice for the meeting. In the end, it was massively oversubscribed and the committee are committed to running another series of these meetings over the coming weeks so anyone who couldn't attend the first will have the opportunity to attend another one.

IH told the meeting that one of the saddest things that members keep raising is that they don't use their week, or that they waste their week. In some instances this is because of lack of knowledge of the product, but in others it was down to them as owners who have to look at how they use their ownership. He gave an analogy of how you would not buy a car and then leave it unused on your drive because you hadn't learnt how to use the windscreen wipers: this was exactly what members were doing with their timeshare weeks. **IH** urged that if members weren't getting the most out of their week they should spend some time and do some research. There was literature available at the meeting; information was available on the owners' club website www.thurnhamhall.com and the committee's contact details were printed in the AGM minutes. The last thing the committee wanted was for members to be spending money each year on their timeshare and getting nothing in return.

Thanks were given to the staff from the hall and DRI for their help in making sure that the AGM went smoothly.

5. Finance Report

Having previously been circulated in the Notice, **SM** presented the accounts to the meeting.

He highlighted that, over the past couple of years, the accounts have been following the calendar year. The income was in line with the budget as DRI guarantees all of the income from management fees. The management fees include the 10 new units that are privately owned by Diamond Resorts International®.

26% of the weeks in trust at Thurnham Hall belong to fixed week owners.

Referring to the main variances in expenditure, **SM** explained that the electricity hadn't increased as much as they had anticipated in 2007, although they will see a rise next year. DRI endeavour to secure refunds for the business rates rebates for all its resorts. A rebate was secured for 2005 and 2006 which resulted in a reduction in the 2007 business rates.

Repairs and maintenance was a difficult area to predict as it changes throughout the year. However, with the refurbishments that have been completed, a lot of work was completed at the same time.

The main expenditure in the leisure centre was for the flooring.

When the budget is set by the committee, it is set to try to break even. This year there was a surplus of approximately £90k. This will be transferred into the reserve fund and will be used as directed by the committee. The reserve fund stands at £176k and is usually utilised for the more major works as opposed to the day to day operating costs.

The sinking fund stood at £136k as at the 31 December 2007. Both the sinking and reserve funds are held in bank accounts in the club's name.

Terry Ennis asked what the cost for the roof was going to be and where the provision for it is in the accounts. **IH** explained that the contract had been put out to tender. They had projections of what a specialist predicts that the cost would be. Once they had exact figures they would be able to confirm

them to the members. In the meantime, the intention was to spread the cost of the work over two years, so the sinking fund contributions for 2008 and 2009 have been earmarked for the project.

Terry Ennis asked for clarification on the management charge of 15%. His understanding was that it was to cover the administration costs of DRI managing the club, but the accounts show two items for reservations and invoicing. **SM** explained that the line items for reservations and invoicing were to cover the costs for the reservations system and for invoicing the members. This cost had no bearing on the management company fee; every resort needed a reservations and invoicing system and it just so happened that DRI provided these services as well. DRI were a business and although the 15% charge did cover some costs, it was mainly an element of profit.

John Jackson referred to the 10 units that were wholly owned by Diamond Resorts International® and stated that everyone was well aware of the benefits of spreading the cost of running the resort between 60 units as opposed to 50 units and how it has been instrumental in keeping the fees down over the past couple of years, but the wholly owned reference indicated that the units have never been placed into trust for the benefit of the club. **John Jackson** questioned whether the Constitution catered for the club collecting fees, spending funds and resources on the management/maintenance of units that weren't in trust for the benefit of the club and highlighted that they may be in breach of the Constitution. **PIN** confirmed that the units were not in trust. At the time that they were built, it was decided that they would be kept outside of Thurnham Hall as a club pending an internal review of what they wanted to do with them. Following discussions with the committee, it was agreed that whilst the units were not technically in trust and did not form part of Thurnham Hall, they were contributing to the sinking fund element of the club, even though the units were only a couple of years old. It could be argued that normally it wouldn't be necessary to contribute any sinking fund element on brand new units for between 5 to 7 years. The units are contributing to the sinking fund to, more or less, help subsidise additional funds which are required within Thurnham Hall; the roof is an example. The units could be removed from the equation at any time, but this would significantly affect owners' maintenance fees and this would not be in anyone's interests. **PIN** went on to explain that DRI had not yet made a decision what they were going to do with the units; they could keep them as they were now, which would mean that they would not go into the club, they could be sold to a third party, or they could be used solely for marketing purposes. **PIN** didn't think that they needed to change the Constitution in order to allow for the units to contribute to the benefit of the club even though they were outside of the club as such. It was an arrangement made by the committee with the management company and the developer as allowed for by the Constitution whereby the committee can enter into any contracts they deem necessary for the smooth running of the club.

John Jackson felt that the committee needed to look closely at the Constitution to ensure that they were operating within it.

PIN highlighted that when the work on the roof commences, there will be a number of units that will be out of use for three to four months and the owners in the affected units will be allocated into the ten units. Normally they are only available to the points club owners, so it was a give and take situation.

The acceptance of the finance report was proposed by Joseph Clarke and seconded by John Jackson.

6. Resort Manager's Report

IH told the meeting that that year had seen the promotion of Kevin Hargarth to European Food and Beverage Manager for DRI and extended the club's congratulations to him. Lorna Cardwell replaced him as Assistant General Manager at Thurnham Hall.

LC presented her report to the meeting, highlighting the following points:

- Zorica Babic, Housekeeping Manager, has left Thurnham Hall and has been replaced by Linda Townson who has settled into the role really well and has implemented some new procedures into the department.
- This year will also see the departure of Gaye Hayes, Reception Manager, who is retiring after 10 years at the Hall.
- Thurnham Hall has received a 10 year Gold Crown Service award off RCI.
- The principal focuses for the year have been hospitality, entertainment and maintenance. Staff training has taken place with the aim to improve the hospitality scores and overall guest satisfaction. Kevin Arnold has been improving the entertainment programme which now includes a cabaret night, Italian and tapas theme nights and a trip to Liverpool.
- The maintenance teams focus has been to improve the pre-arrival check-in procedure to ensure that arriving guests have as few problems with their apartment as possible.
- Units 19 and 20 were refurbished to a very high standard towards the end of 2007, and this is something that would like to be continued going forward.
- A full-time gardener has been employed so members should soon be able to see the results when they visit.
- A new chef has been appointed and the menus have recently been changed which is going down very well.
- Unfortunately, Kevin and Dawn from the food and beverage department will be leaving the resort in August 08

LC thanked all of the members and all of the staff for their dedication and support of Thurnham Hall.

7. Founder Member Report

Previously distributed in the Notice for the AGM, **PIN** summarised its contents. He told the meeting that the last twelve months had seen more change for staff and members than in the previous 10 years. One of the main changes has been to change the whole philosophy of how DRI deals with their clients and customers. They are much more focused on the needs, desires and expectations of their members, which is the way they should have been treated from 'day one'. The days of the members having to play hide and seek with the sales reps is history; DRI do not want any of the sales reps to pester or lie to any of the clients and, indeed, want the clients to be the ones who make the first contact with the sales reps if they are interested in knowing what is going on. **PIN** stated that the changes wouldn't happen overnight. The entire workforce at DRI were being re-educated

Exciting developments as a company and for points members include the addition of approximately 20 destinations since April 2007 in the States, Canada and Mexico. Points members can now use their points to pay for discounts towards flights, cruises, golf courses, spas, European city hotels and maintenance fees. More flexibility and benefits to the points club will be added as they move forward.

DRI will continue to focus on the points product across Europe and the States. New resorts and destinations are being looked for Europe and in countries that haven't been looked at before.

It was evident that the owner base for both fixed time and points owners was aging, and as members get older their needs change and DRI were looking at how they could cater for those changes, including how they could tackle the important issue of resales. It has been an issue for the whole industry and DRI were looking into it seriously. Hopefully, there would be something available within the next couple of years.

PIN said that he was proud to have been involved with Thurnham Hall over the past 4 years and to have seen the transformation of the club to their current healthy financial position. He congratulated the staff and committee for doing a great job.

8. Matters arising from agenda items 4-7

Mr Mills felt that a special vote of thanks should be given to Gaye Hayes for the ten years she has served at the Hall. Her welcome to all has been unflinching.

Mr Mills referred to **PIN**'s report and the benefits being developed for points owners and felt that some should be available to weeks owners who didn't want to own points. **PIN** replied that DRI were moving towards finding a balance where they will not be disenfranchising the fixed time owners. They wanted to treat the fixed time owners exactly the same as the points owners because at the end of the day, they were all owners who wanted the same great holiday experience. **PIN** clarified that when he said that they would be focussing on the points product he had meant that they will only be focussing the sales and marketing efforts on the points products because it would be very confusing to sell fixed weeks also. Whether some of the benefits being rolled out to points owners could be made available to fixed time owners is something that DRI needed to look into. It would require each club committee agreeing to changes in the rules that govern the way that members use their weeks and it was not that straight forward.

PIN felt that, regardless of whether weeks or points were owned, members should be treated the same. Everyone paid a lot of money for their membership and were entitled to enjoy great holidays.

Marion Holliday had tried to bank her week with Dial an Exchange but had been informed that DRI didn't work with Thurnham Hall. **PIN** replied that Thurnham Hall was affiliated with RCI and Diamond Resorts European Collection Ltd (the points club) was affiliated with Interval International. For the fixed time owners, there is an exclusive contract between RCI and Thurnham Hall which covers all of the insurances that need to be in place to cover the people exchanging in to the Hall. That contract is not in place with Dial an Exchange.

Terry Ennis explained that he was a points owner as well as a fixed week owner at Thurnham, and as a points owner was an II gold member with the benefits that it included. He asked if there was any way that he would be able to exchange his Thurnham week with II without having to pay the joining fee. **PIN** replied that the subject had been discussed that morning at the committee meeting because **IH** was very keen to obtain more flexibility for the members. He reiterated that Thurnham Hall had an exclusive contract with RCI but would speak with DRI's legal department to find out where they were with the RCI/II exclusivity agreements for the timeshare clubs/members. It is very complicated to run a dual affiliation operation because of the incompatibilities between the different computer systems. **PIN** thought it was a good point and said that he would take it back to his head office to discuss.

9. Ratification of transferred and cancelled membership certificates

PIN explained that the meeting had to, as a Constitutional formality, ratify the transferred and cancelled memberships that year and also welcome the new members to the club. There had been 14 private resales between July 2007 and 12 June 2008. There were no cancelled membership certificates to ratify this year because no repossession had been made. Following the change to DRI from Sunterra, there have been some changes to internal procedures and the needs of the members were looked in to resulting in some special offers to help members with outstanding fees prior to 2007. This has resulted in a delay in making the repossession this year. The club has been funded 100% even though the formal repossession has not taken place. Final demand letters would be issued that week to

approximately 70 members, and it was hoped that some members would be retained. The meeting was asked to ratify the 14 private re-sale weeks, and this was done via a show of hands from the floor.

10. Election of officers

IH said that he couldn't remember a time in Thurnham's history where they had four candidates for a committee position. Every three years a member of the committee has to stand down, and this year was the turn of George Yoxall. George had offered himself for re-election and, along with the three other candidates, was asked to address the meeting and give a brief resume. Members were then asked to vote using the ballot papers provided.

Whilst the ballot papers were being collected and counted Harry Taylor, Chief Executive of the Timeshare Association (TATOC) addressed the meeting and explained the role TATOC played in ensuring that timeshare owners are protected and have enjoyable holidays. They have taken an active role in educating the MEPs who actually make the rules that govern timeshare, most of whom have never visited a timeshare resort.

11. Submitted members' questions

No questions had been submitted in advance for the AGM.

12. Any other business

IH introduced Linda Townson, Housekeeping Manager, to the meeting and welcomed her on behalf of the members to her new role and wished her well for the future.

IH referred to the retirement of Gaye Hayes as Reception Manager and said that she would be sincerely missed. Her contribution to the Hall really couldn't be underestimated. A collection for Gaye's retirement had been organised and any members who wished to contribute could do so by contacting the committee. **IH** thanked Gaye for all of her hard work and dedication on behalf of the committee and all of the owners.

Results of the voting on the election of officers

IH confirmed the results of the vote.

Terry Ennis	8½
Lorie Oesterreicher	7
Pippa Wilson	40½
George Yoxall	25½

Congratulations were given to **Pippa Wilson** who was elected on to the committee for a term of three years and commiserations were offered to the other candidates, along with personal thanks from the committee to **GY** for all of his hard work over the years.

Barry Greenough asked for confirmation of the arrival date for his week as the maintenance fee invoice differed from what he thought it should have been. He was informed that there had been an error with the arrival dates printed on the invoices sent that year and the correct information had been confirmed to members in a separate letter.

Clifford Hill asked when the work on the roof would be completed. **PIN** explained that they were planning to commence work in November, but the completion date could be affected by bad weather over the winter. The plan was to have it completed by Easter 2009. He highlighted that there would

be disruption but the Hall would be open. Only the apartments on the first and second floor would be affected and as stated previously, affected members would be reallocated into different units while the work was done.

Mr Bramwell had attended one of the meetings held for fixed week owners who had joined the vacation club and asked when he would receive notification that his week had been removed from the vacation club. **IH** replied that a lot of members had attended the meetings and withdrawn their week from the vacation club. The withdrawal forms were being processed by arrival date so that no weeks were lost and **IH** assured Mr Bramwell that he would receive confirmation in due course.

With no other business, **IH** thanked everyone for attending and closed the meeting at 3.20pm.

POST MEETING NOTE: THE DATE AND LOCATION OF THE 2009 AGM OF THURNHAM OWNERS CLUB WILL BE NOTIFIED TO MEMBERS IN THE 2009 MANAGEMENT FEE MAILING AND ALSO ON THE MEMBERS' WEBSITE
www.thurnhamhall.com

All members who wish to stand for election to the Committee or who wish to propose any resolutions need to do so within the prescribed deadlines as indicated in the constitution.

CONTACT DETAILS OF COMMITTEE MEMBERS

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