

Minutes of the Thirteenth Annual General Meeting Of **THURNHAM OWNERS' CLUB**

Held on Sunday 5 July 2009 at 2.30pm at the Midland Hotel, Morecambe

Present:

Ian Hollins	(IH)	Chairman
Fred Evans	(FE)	Committee Member
Pippa Wilson	(PW)	Committee Member
Amanda O'Garrow	(AOG)	Founder Member Representative
Steve Rixon	(SR)	Resort Management Area Director

In Attendance:

Julie Thompson	(JT)	General Manager
67 members		

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

1. Apologies for absence

Apologies for absence were received from Glynn and Joyce Mellor, William and Margaret Chappell, Sue Adams, Jack and Margery Glover, Mr and Mrs I Vandome and Mr and Mrs Peter Hollins.

2. To read and confirm the minutes of the last Annual General Meeting

The minutes for the last Annual General meeting had previously been distributed.

George Yoxall referred to the election of officers and stated that personal thanks had not been offered to him for his work on the committee after **PW** had won the election vote as reflected in the minutes, and asked for it to be struck from the records. Shirley Barber confirmed that she also had no recollection of thanks being offered.

Postscript to the minutes: the recording of the meeting has been referred to and the following statement was given at the 2008 AGM by IH: '... a big personal thanks and on behalf of the committee to George for all of his hard work and efforts on behalf of the club over the years.'

Referring to the actual election vote **Mr Yoxall** pointed out that 58 members had attended the AGM but the votes counted totalled 81½ because of proxy votes. He asked where the proxy votes came from and was informed that they were submitted by members who were unable to attend the meeting.

George Yoxall asked how many of the proxy votes had been mislaid and was told that none had been mislaid and that the voting was carried out under the jurisdiction of FNTC.

With the above alteration, the minutes were proposed by Robin Ainsworth and seconded by John Jackson.

3. Matters arising therefrom

John Jackson (weeks 51 and 52) referred to the contract that the committee had entered into with the company relating to the collection of fees for the 10 Tarnbrook units that were not in trust and asked whether there was a copy that members were able to review. He asked if the committee were satisfied that they were working within the Constitution. **AOG** confirmed that, as a committee, they were happy that they were working within the Constitution and explained that they had recently ensured that the bank accounts relating to the 10 units had been segregated to ensure that all items were fully identifiable and that all costs were spread correctly in terms of the maintenance fees that are paid on the 10 units based on the actual overheads that were incurred within the club.

IH added that they had raised the issue with the legal department at Diamond Resorts International® (DRI) before the contract came into force and it had been agreed that, under the terms of the current Constitution, they were able to collect funds for the 10 units and manage them

4. Chairman's Report

The Chairman's report had been circulated in the Notice for the AGM.

IH summarised that it had been an interesting year for Thurnham Hall with the works that had been undertaken. The works were almost complete and should be finalised within the following two weeks.

A number of workshops had been held over the year which had helped a number of owners; approximately 300 people had attended the various dates which had been well received.

An owners' dinner was held with positive feedback from those that attended.

5. Finance Report

AOG summarised the report contained in the Notice.

She explained that the maintenance fee income was in line with the expected invoice amount because DRI guaranteed the fees irrespective of any outstanding debtor balances from fixed week members

The ownership split at the resort was approximately 25% by fixed week owners and 75% by DRI and the points club.

In 2007 there had been a refund in the business rates which had helped to reduce the actual expenditure within that year. The amount shown for 2008 was the usual rate paid.

Under SKY and TV costs, they had been successful in a bid to change the way in which the TV licence was charged. Previously, they had had to pay individual licences on the apartments but they had managed to get their classification changed to a hotel status resulting in a significant reduction.

AOG pointed out that they had added a new line item for committee costs. This had been split out from the AGM cost line to give members a clear picture of the costs incurred for holding the AGM and associated paperwork, along with the costs associated with the numerous committee meetings held throughout the year.

Referring to the sinking fund, **AOG** explained that little had been spent in 2008 because of the roof works that were needed. The actual costs would be reflected in the following year's accounts.

In summary **AOG** stated that the club was in a healthy position and that they hoped to finish the current year with another surplus.

IH told the meeting that they were as prudent as they could be on the resort and that the committee looked at every expense.

David Stanley (week 35) asked where the costs for the electric etc reclaimed from the franchisee were shown and was informed that the restaurant and common areas were not part of the club and the rent was paid to DRI. The club received a recharge for all of the utilities used and this was shown under the electricity income. He asked whether it could be separated out and shown in the accounts for the following year and was told that it would be looked into, but if not possible could be shown in the comments to the accounts.

Mike Sneddon (week 43) asked what steps were being taken to mitigate the affects of the increase in charges for heat and light because if the trend continued it would affect maintenance fees. This was something that the committee were looking into and **JT** explained that they had just installed an automated meter reading system at another UK club and Thurnham Hall were looking at the benefits it could give them. It would mean that they could not only monitor what was being used in each unit but also the various electricity usage in different parts of the resort. The contracts with the various utility suppliers were renegotiated towards the end of the previous year. She stressed that cost savings were being made wherever possible and they were looking at where different lighting could be installed.

IH felt that it was worth noting that, for the year to date in the 2009 accounts, they were showing a favourable variance in this area so the situation was improving.

Robin Ainsworth (week 39) asked what the budgeted costs were for the roof repairs and how it would relate to what came in the following year. **IH** replied that they had originally budgeted £480k, but as the work progressed they have been able to save around £40k which has enabled work to be carried out on the gable ends and the rendering. By doing this extra work at the same time money was saved on the costs for scaffolding which was already insitu. As normal procedure, 3 quotes were obtained and **IH** was involved with the tendering process. They were currently under budget including the extra work carried out.

Peter Scott (week 4) asked if an energy survey could be carried out on the heating at the hall and was told that they had had various companies visit the resort to quote for work. The cost to replace the old lighting would cost a phenomenal amount to do it all at once so the maintenance team were replacing old bulbs with energy saving ones once the current stock had been used. Some of the lighting in the main house however could not be changed.

Regarding the heating in the units, **JT** said that there were no plans to upgrade it at the present time but that maybe they should go away and look at it. **IH** highlighted that part of the problem was that the different phases of the resort had different heating technology and rather than make changes right across the board, which again would cost a great amount, they could look at it when the unit was going to be refurbished.

George Yoxall referred to the owners' committee costs and the increase from 2007 to 2008 asked if it was a true figure. **AOG** highlighted that one of the main reasons for the increase was due to the claim that he had submitted towards the end of 2008 for 18 months worth of retrospective travel expenses whilst on the committee.

Discussion followed on various other committee costs raised by **George Yoxall**, including attendance of the TATOC conference which the committee felt was beneficial to both themselves and the resort.

George Yoxall referred to the costs for reservations and invoicing and was informed that the charge included the costs for issuing the invoices, collecting the fees, the chasing of debtors, the setting up of the various payment methods, the accounting for of the monies received and the various software and reservations systems needed. The fee had not changed for a number of years and was split out for transparency.

George Yoxall asked who charged money to tender to put a price in for the roof and was told that the figure he was referring to was the surveyor's costs. It was part of the tender process and this was why it was contained in the tender costs.

George Yoxall pointed out that the figures for the roof works did not include VAT and was informed that the VAT was fully recoverable through DRI so there would be no expense to the club for VAT.

The accounts were proposed by Mike Sneddon and seconded by John Jackson.

6. Resort Manager's Report

JT told the meeting that Lorna Cardwell had sent her apologies for being unable to attend the meeting.

The resort manager's report had been previously distributed in the Notice and in addition **JT** told the meeting that the work on the roof had now been completed. The additional stonework was almost finished and the scaffolding was slowly being removed.

The grounds around the hall that have not been able to be tendered are going to be renovated to bring them back to the standard, or better than, they were before the works commenced. The grounds in the Tarnbrook area which were in a neglected state are currently being targeted and then work will then commence in another area. **JT** told the meeting that their aim was to have manicured lawns and flowerbeds and also to have a clear definition between these and the wild forestland.

Disability awareness training has recently been introduced for all of the staff at the resort.

Graham Kemp, the leisure centre manager, has left Thurnham Hall. The staffing levels of the leisure centre were analysed and as a result Matthew Short is now the leisure centre manager at both Thurnham Hall and Pine Lake. This will generate a saving of over £15k over a 12 month period for Thurnham Hall.

There was an amount in the sinking fund allocated to replace some of the furniture in the main hall. **JT** was please to tell the meeting that they have managed to replace ALL of the furniture within the agreed budget. It was due to arrive within the following four weeks. Attention was paid to comments from members that some people had difficulty getting out of the low sofas and there will be more straight backed chairs with arms available. The furniture currently in the main hall will be recycled wherever possible into the library and some of the units.

JT thanked the members and resort staff for their patience during the major works.

Colin Hutcheon (week 30) asked if anything was going to be done about the main entrance to Thurnham Hall. There were cars parked there that looked like they had been there for 12 months and the gate posts needed work carrying out on them. **JT** replied that this was another area that they had been looking at recently. She explained that the two cars parked in the entrance from the road that were untaxed were moved by the council. One has returned but it is now taxed. The deeds of Thurnham Hall have been checked and the area just off the road does belong to Thurnham Hall and discrete yellow lines will be put in the area to stop people from parking there. The coat of arms is being painted and will be replaced soon

David Stanley (week 35) asked why the furniture for the main hall was being paid for from the sinking fund if it is part of the property owned by DRI and is leased as part of the restaurant area. **AOG** explained that the main hall was not part of the restaurant area. It was used as a members' lounge and the usage and the upkeep of the hall was the responsibility of the club.

David Stanley asked why the public were able to use the hall if it was a members' lounge and the club were paying for the furniture. **IH** explained that this issue had been a discussion point for many years. It had historically been agreed that in return for the club having access to a public area which is owned by the company, the club furnishes and maintains it. Various alternatives had been looked at over the years but no better solutions had been found. It was something that was constantly under review.

IH pointed out that the public income was important to support the franchisee's operation, but it was important to the members to have access to food and beverage facilities when on site. Without the extra income it would become untenable for the franchisee to run a food and beverage operation on site.

David Stanley suggested that the costs were shared between the owners and the franchisee. **AOG** pointed out that the owners didn't actually pay any rent for the area.

A member suggested that the cost be split on a pro rata basis on usage but was informed that the restaurant would not necessarily be able to easily distinguish between a member of the public and a club member who were using the restaurant or indeed keep sufficient records. **JT** added that for any private functions at the hall that franchisee was charged a rent for the room.

John Jackson (weeks 51 and 52) said that a solution had been sought on the subject for many years. They had a right of access over the public areas but not the right to use them. A lease for use of the public areas was suggested but this was unfeasible. It was agreed that the club would continue to have unfettered access of the areas but would not be charged any rent provided that they furnish and maintain them.

George Yoxall (week 19) referred to the legality of the fixed week owners being forced to pay for the repairs to the roof on the main hall. He pointed out that the roof covered the two restaurants and the main hall, as well as the toilets and the kitchen and reception. **IH** reminded Mr Yoxall that the club is legally responsible for the cost of repairs and that he himself as a committee member at the time had been present at the budget meeting where the roof repairs were discussed and highlighted that DRI had contributed 25% of the costs over and above their contributions as owners.

7. Matters arising from agenda items 4-6

This had been covered at the time of the reports being delivered.

8. Proposed Resolutions 1-3 to amend the Thurnham Owners' Club Constitution

AOG outlined the resolutions contained in the notice and explained the reasoning behind them.

Peter Scott (week 4 and an owner of points) asked if the resolutions were passed, what effect they would have on the election of officers that was due to take place under agenda item 11. **AOG** explained that the board of directors issue a letter to every points member inviting them to put themselves forward to be a co-opted member on the committees with a position up for election that year. She outlined the eligibility criteria and selection process.

Peter Scott asked for confirmation that the people who would be considered for the position of co-opted committee member were actually members rather than employees of the management company as the resolution didn't actually clarify this. The resolution stated '... who may be but is not obliged to be an Ordinary Member of the Club'. **AOG** explained that this referred to ordinary fixed week owners. The candidates could either be a fixed week owner and/or a points member.

John Jackson (weeks 51 and 52) felt that the resolution 1 added more ambiguity to the present Constitution because it clearly did not say that the appointed person needed to be an owner of Diamond Resorts points; it could be any person appointed by Diamond Resorts European Collection Limited. Clause 11.2 of the Constitution referred to three elected committee members and one elected committee member retiring each year and a new elected committee member being elected. In his opinion, the Constitution clearly states that each time a committee member retired at the end of their three year period a new elected committee member must be elected. Likewise, there must be a committee position for the retiring elected committee person to stand for re-election to. He stated that Clause 11.2 did not allow for Clause 11.1 to happen because it did not allow for a reduction of committee members.

John Jackson invited the committee, as proposers of the resolutions, to withdraw them. He asked why they were considering giving up the majority position on the committee in the only forum in which the members had the majority. He suggested that, rather than taking the control of the committee away from the elected ordinary members, they moved to empower their committee to co-opt an owner of Diamond resorts points as a non voting member of the owners club committee. This would give them the opportunity to represent the views of the points club members without the fixed week member surrendering control of their club.

AOG explained that the points club representative would be representing the fixed weeks that were owned by the points club so would actually be proxy appointed for the fixed week owner themselves which is

Diamond Resorts European Collection Limited who are a legitimate fixed week member and were a legitimate part of the committee as per the Constitution. The Resolution would reflect the fact there is a permanent position for the majority fixed week owner. The fixed week members would still have the majority vote with three against the two votes of the founder members.

Lengthy discussion followed on the validity of the wording of the Resolutions, the interpretation of Clause 11.2, the position of the points club within the fixed week club and the ambiguity surrounding the appointment of the points club committee member and whether this meant that an employee of DRI could be appointed.

Mr Hunt highlighted that at past AGMs resolutions had been 'steamrolled through' by the founder member using their block votes and asked if this was going to be the case at this AGM. **AOG** told the meeting that this had been discussed and it had been agreed that, although the Resolutions were in favour of the points club, it had been agreed that it should be a fair vote and no block vote would be used, and that the members should make the decision. DRI felt that common sense should prevail because all they were asking for was for the majority fixed week owner to have a place on the committee, which would not be detrimental to the club

AOG agreed that the resolutions were open to interpretation and she was happy to withdraw them to be reworded for the next AGM to take effect immediately following that AGM.

Following further debate Robin Ainsworth stated he agreed that there should be points club representation on the committee given that they contributed 75% of the costs of the club and as such should have a valid say on the committee, he therefore proposed that the resolutions were withdrawn, reworded and re-submitted at the following AGM. The main issue to address being that the representative must be a Diamond Resorts European Collections Limited points owner and not a DRI group employee. This was seconded by **Mr Hunt**.

9. Resolution regarding the renewal of the Management Agreement for Thurnham Owners' Club

Members were asked to vote on the renewal of the Management Agreement using the voting forms provided.

10. Ratification of transferred and cancelled membership certificates

AOG informed that meeting that from June 2006 up until October 2008 191 owners representing 192 weeks had been repossessed and that there had been 9 transfers of ownership from June 2008 to date. This was ratified by a show of hands from the floor.

11. Election of officers

There were two positions available following the AGM; one for three years and one for one year. Four candidates had put themselves forward for the positions and they were invited to address the meeting individually.

The members present were then asked to vote on the election using the voting forms provided.

12. Submitted members' questions

One letter had been submitted for the AGM from **Mr Hill** who wanted to know when a new Thurnham Owners' calendar would be distributed because the current version expired at the end of 2009. This had been discussed in the committee meeting prior to the AGM and a new fixed week calendar would be distributed with the minutes of the AGM.

Mr Hill also asked what procedure needed to be followed to amend a joint husband and wife ownership following the death of one of the parties. **AOG** replied that any request for a change in ownership needed

to be done in writing to the owner operations department at Citrus House in Lancaster. A copy of a death certificate is required as proof following the death of a member. For changes following a divorce, both members will have to sign a letter to agree to the removal of one name.

Result of the voting for the renewal of the Management Agreement and the election of officers

IH announced the vote on the renewal of the Management Agreement had been passed: 51½ votes for and 6½ against.

The results of the votes for the election of officers were as follows:

R Ainsworth	27
L Oesterreicher	46
P Scott	48½
C Smith	18

Lorie Oesterreicher and **Peter Scott** were therefore elected onto the committee. Thanks were given to the other candidates for standing.

13. Any other business

Mike Sneddon (week 43) asked for an update on DRI's financial situation and their plans for the future bearing in mind that the owners were now facing their third ownership in the last 8-10 years. **AOG** explained that DRI's financial situation should not really be a concern to the owners at Thurnham Hall because the club was in trust. However, she did recognise the fact that the current economic climate was a concern and told the meeting that DRI were in a sound financial position. In the US the timeshare industry was more buoyant than in the UK in terms of sales and this was reflected in DRI's global sales. The points club is expanding its portfolio and new affiliate agreements were being entered into throughout the world. DRI had affiliate resorts now on every continent.

Shirley Barber asked if it would be possible for DRI to set up a method where members could pay their membership fees once a year by direct debit on the date it was due as this would be a much easier way for members to pay. **AOG** explained that DRI did offer two direct debit facilities; a 12 payment and a 6 payment option. Members could also pay by bank giro, make telephone payments and on-line payments as well as cheques, credit or debit card. Other options were also being looked into but were not at a stage to implement yet.

Mrs Wincer explained that her apartment had been allocated to someone else the year before and asked whether members would be allocated their own apartments going forward. **AOG** explained that as Mrs Wincer had reverted from being in the vacation Club back to being a fixed week owner, she should always be allocated her own unit going forward.

Robin Ainsworth congratulated the committee for keeping the costs for attending the committee meetings so low.

Robin Ainsworth referred to comments made by George Yoxall regarding the roof only covering the main building. He highlighted that Mr Yoxall's apartment was in the main building and as his wasn't he asked if Mr Yoxall was suggesting that he shouldn't have paid anything towards the work.

A member asked about Fred Fogg's whereabouts and this was briefly discussed.

George Yoxall referred to the newsletter and the fact that the committee had held two budget meetings. He asked why the committee had travelled all the way to Newcastle to have to hold another meeting at Lancaster. **Mr Yoxall** said that he had requested to see copies of the minutes from the meeting which was refused. **IH** replied that he was aware that a request to view the minutes had been made to Teri Jackson who was fairly certain that they had been sent via email. He added that there was nothing being hidden.

IH explained that the initial budget meeting had been convened in Newcastle to coincide with another meeting that was taking place there that the founder member representative had to attend. This also meant that the costs were shared between the two clubs. Going forward, these meetings would be held in Lancaster because the Founder Member Representative was now based locally. **IH** went on to explain that the reason that two meetings were needed was basically to save the club money. The initial budget proposals would have seen the percentage increase on management fees more than double what was eventually negotiated. The negotiations took longer than the one day allocated so both parties went away from Newcastle to look at the proposals and seek alternative suppliers for the different functions etc. The second meeting took place at Citrus House.

George Yoxall said that they had a 31 page structural survey done on the roof of Thurnham Hall and when he had brought up the dates of the survey at the meeting in February 2008 before the work was put out to tender **IH** had said that it was a simple mistake.

IH explained to the meeting that before the work on the roof was put out to tender a structural survey was carried out. Because of the change over from Sunterra to DRI the report was not delivered to the committee in the most timely fashion. When it was eventually handed over a special committee meeting was convened. It was agreed at the meeting and in the presence of Mr Yoxall, that the report should have been passed to the committee sooner but it hadn't and they needed to decide what they wanted to do about the roof.

George Yoxall went on to say that he had met with the surveyor at the hall on 14 May 09 who confirmed that the money had been well spent but that it had been 'big money' for all of the owners.

George Yoxall said that he could challenge **IH** about his proxy votes from the last AGM. He stated that **IH** had no rights as chairman to issue proxy forms at a members meeting at the hall and alleged that **FE**'s wife was handing the forms out for **IH** to collect and throw in the bin. **IH** stated that he took the allegation as a personal affront. He explained to the meeting that a copy of the proxy form on the back of the AGM Notice had been handed out to members attending a Vacation Club workshop at Thurnham to ensure that everyone had the opportunity to vote if they couldn't attend the AGM that was taking place the following month. Nothing had been pre-completed on the forms or was untoward on the form. Any forms completed at the meeting were either forwarded to Teri Jackson to collate or they were taken away by the member to post.

PW proposed a vote of thanks for the two retiring committee members **IH** and **FE** for all of the hard work that they had done on behalf of the members and the club.

The meeting closed at 5.25pm

CONTACT DETAILS OF COMMITTEE MEMBERS

Pippa Wilson
Quarry Lodge
Oakthwaite Road
Windermere
Cumbria
LA23 2BD

pippa@thurnhamhall.com

Peter Scott
423 Selby Road
Whitkirk
Leeds
LS15 7AX.

peter@thurnhamhall.com

Lorie Oesterreicher
9442 – 20th Ave SW
Seattle
WA
USA
98106

+44 560 156 8962 (UK national rate)
+1 (206) 9096893 (US international rate)
2pm BST to 10pm BST

lorie@thurnhamhall.com