

PRESIDENT'S REPORT 2009

As another year comes to a close it is time to review activity and update owners on the current situation regarding our Community.

FINANCES

After another difficult year the Community remains in a healthy financial position with the reserve fund untouched at currently 35,000 euros. Whilst we aim to be able to keep this level until the end of the financial year the budget plan for this year was ambitious and we have had to meet certain unforeseen costs and so we are not sure if we can cover all expenditure until the end of September from current accounts.

Collection of community fees remains a constant challenge with the same persistent offenders refusing to pay for as long as they possibly can. The outstanding amount for the final quarter of the year was 33,200 euros at 31 August 2009 of which 18,564 is currently in court. Some of our legal proceedings have paid off but we need to tighten our policies towards these offenders who have learned how to play the system and we will make appropriate proposals at the AGM.

POOLS & GARDENS

Pool 1 ... the big one ... behaved beautifully this year without a glitch so the investment in repairs last year has paid off.

Our other pools have again been a major drain on resources for a variety of reasons and additional work has therefore been carried out to try to minimise problems in the future. Leaks have been repaired to Pool 2 (rear of block 2) and another new filter system installed. The construction of the floor in pool house 3 (rear of block 4) had to be changed substantially as it did not allow airflow and therefore caused dampness, rust and frequent malfunction to the equipment installed. Due to chlorine fumes gathering inside it was also a health hazard for our gardeners and pool people. Also a new motor and pipes had to be installed there. We did not install new showers in pools 1 and 3 as was intended but repaired them with spare parts and they worked fine.

Following the Mijas Agua takeover of our water supply we had to change the installation in the pump house and water depository to allow for sufficient availability of garden water as opposed to more expensive domestic water.

The water situation and associated expenses are giving us major concerns though. We used to have water bills for the whole community including households of €23,000 - €28,000 and had anticipated a major reduction in the community cost due to the fact that individual apartments now pay their own water. Apparently though the individual consumption is far less than anticipated and that with the constantly rising water prices causes us to significantly overrun the budget on water. We have taken measures with the gardeners, changed programming of the sprinkler system and other things but with the hot summer this year we had no other choice but to

keep our gardens alive. This also means that the water budget needs to be adjusted for the coming years.

GARAGE DOORS AND MAIN GATES

These are still giving us trouble and cause for repairs but slowly we think we come to an end with these problems as we install better motors as we go. Still we have had to spend almost €2,500.

RUBBISH BINS

I would like to thank all owners, tenants and vacationers for having made a success out of the removal of the individual block rubbish bins. Only very few offenders have been identified and no further problems occurred. We think this decision made our community even better to live in.

CLEANERS

We have been having only one cleaner this year and we think Lola did a very good job. She is working now 2 hours longer per week to also clean the garages on a rotational level and we did not have to employ additional help for the summer period. I think this is a pat on the shoulder of Lola and we can keep this arrangement for the future.

MANCOMUNIDAD/MACRO COMMUNITY

The Mancomunidad was finally established on December 16, 2008 with your truly as President after having been delayed due to astronomical charges intended by the then current Junta de Compensation. We have achieved reductions of over €100,000 to the expense for the Mancomunidad but unfortunately the final cost of €8,100 exceeded our anticipated budget of € The main expense goes toward cleaning the total urbanisation and I think it looks much cleaner now than ever before.

CLEANING AND PAINTING OF TERRACES

Following the discussion at the last AGM we have tried cleaning the outside of the terraces in block 3 but it did not turn out well especially because it also would not prevent reoccurrences. We have therefore looked for alternative methods to the quotes received from various painters between €15,000 and €25,000 per block. We have identified a local painter, who also works for the macro community, who offered to clean, insulate and paint the outside terraces twice including painting the iron rails, which are also causing rust traces on the buildings, for €2,720 per block. We went ahead with painting block 3 as it was the worst looking one and the work was carried out smoothly and to the satisfaction of the owners. Block 3 is now the highlight of Phase1. We intend to do 2 more blocks this financial year (Blocks 4 and 5) and continue with 3 more blocks each following year until we have a good looking property again.

CATS

This is a never ending story and at the moment we have thrown our hands up as no appeal seems to work and no solution is in sight other than closing our front gates with wire mesh. This, however, only works to protect the inside of the blocks when all owners close the gates. Any bright ideas are appreciated.

LONG TERM RENTERS

This issue with long term renters and their compliance with community life still exists but on a far reduced level. There are still isolated incidents where renters cause problems but at least there are no insults and threats around this time.

VANDALISM AND SECURITY

Unfortunately not everything is green in La Cala Hills. There have been cases of vandalism with paint and liquid plastic sprayed over tiles and sun beds, bottles thrown in the pools, cars scratched and other erratic behaviour. Security is working very hard to minimise this and they are successful. Please report any such behaviour to Security or to any Board Member.

It would be helpful if those owners who rent out their apartments to vacationers would, at the same time, stress to those people our community rules and ask them to respect them. Also we have had another year without any robberies or break-ins in our community although some were tried but successfully avoided. Thanks to our security team again.

BUDGETS

This year's budget was an attempt to lower the cost for all owners considering the economic climate and was by far the lowest in the history of our community despite the fact that, over time, inflation hits and repairs and maintenance cost increase with the age of the community. Next year's budget will therefore have to be approximately where we were in 2007 (but not higher) although we will propose significant savings in administration cost and other items. I am looking forward to discussing this with you at the AGM.

ELECTION OF OFFICERS AT AGM

At this time it is not certain if all the members of the current board will stand again for election. I will keep you posted.

Horst Erbacher
President
Phase 1