**CDAL ADVISORY BOARD**

**December 2013**

To all property owners,

We have all had to be very patient over the past 10 months as we work through many issues related to CDAL. It became very clear to the Advisory Board from early on that the problems were far more extensive than was first thought. We have had many open and honest discussions and strong relationships are being forged. It has been a difficult time for all property owners, as progress has been very slow at times. However, we are moving forward in a non- confrontational, non-aggressive way and, overall, the direction is positive.

On November 19th 2013 the Advisory Board met during which Albert Hartog and Ron Maginley presented their vision/intentions for reorganisation of CDAL and enhanced control by property owners. What they proposed is set forth below for further property owner review, comments, and reactions.

1. Jolly Harbour Property Services Limited (JHPSL) was already set up and is now operating as a separate company dealing with the commercial and development activities within Jolly Harbour. This company will be fully independent by the start of January 2014.

2) A new company, still to be named, dealing with facilities management is in the process of being set up for the residential areas which will have a clean start, owned by CDAL but with an Advisory Board management team to work / run it with CDAL in the first instance. We are discussing the possibility of members of the community being appointed to CDAL Board level. This company is planned to start in early 2014 – the exact date is unknown at this time due to some legal issues which need to be resolved. The formation of this company will be a positive step towards greater involvement of property owners in providing services to the community.

3) A new company is also being planned to take ownership of the common infrastructure assets i.e., the roads, the utility cabling and pipe work, the common land areas etc. This company will be set up as a trust in favour of all property owners in Jolly Harbour but will be administered by CDAL. The trust will require independent oversight (possibly someone such as Grant Thornton, Accountants) but the board will consist of CDAL and property owners.

4) ABST and APUA debts will stay within CDAL and will remain the responsibility of CDAL. Negotiations are taking place with the Antigua government in an effort to reach agreements out of court with APUA and Inland Revenue. Both the government and CDAL are positive about these negotiations. CDAL will continue to vigorously pursue unpaid Community Charges.

1. CDAL will continue to hold the property owner contracts and perform certain duties under a Service Level Agreement and will remain a mechanism by which community charges will be collected and dispersed to the other companies.
2. Albert Hartog confirmed that the swimming pool and tennis courts would be repositioned prior to the site that they are currently on being redeveloped. The new site has not been confirmed but is likely to be in the area of the golf course.

1. Rudd Reinen (the engineer for Pearns Point) has been brought in to assist CDAL with some technical issues relating to construction and physical works, as there are many homeowner and construction issues at the moment. There is no cost to Jolly Harbour property owners for this. The costs will be paid by Orange Limited, the owners of Pearns Point.

The development company has drawn up extensive plans for the redevelopment of the waterfront to include new residential units and an upgraded shopping complex. Albert Hartog views the commercial centre at Jolly Harbour as being an entertainment hub not only for the community but also for his development at Pearns Point. This nexus between the two properties will substantially improve the quality of the commercial areas and help bring back some vibrancy to the area. While some new construction has already taken place at the commercial centre it is expected that work will begin in earnest during the first quarter of 2014.

The 2011 accounts have been approved and signed off by the auditors and will be sent to all property owners shortly. The delay was caused by CDAL's lack of funds to pay the auditors fee. Fortunately, a property owner with a number of properties stepped forward and paid the community charges for a year in advance so that the audit report for the 2011 community charge could be released and that the 2012 audit could be started. We are expecting the 2012 audit to be completed early in the New Year, by which time the 2013 accounts should be ready to pass to the auditors.

Property owners Jim Omand and Richard Sayer are working with Ron Maginley, Managing Director of CDAL, and CDAL accounting staff to draft an outline community charge budget for 2014. This is critical, as property owners need to see where their community charges are going and what things actually cost. It is hoped that this will be ready for review by no later than the end of December.

Once the outline budget is available a review with property owners who are accountants will be arranged.

Members on the Advisory Board (as well as some individual property owners) have expressed their concern of reference that all property owners will be assessed the costs of collecting the community charge arrears built up by defaulting property owners. It has been pointed out that these arrears were allowed to build up under CDAL's management and must be paid for by CDAL -- not by non-defaulting property owners. However it is understood that some provision for collection costs arising in the normal course of business needs to be included in the community charge. No agreement has yet been reached on this issue.

It is generally agreed that a reserve fund (sinking fund) needs to be established for extraordinary maintenance expenses such as sea walls, electrical cables, sewage system, generators etc. Such a reserve fund is long overdue. Because the 2014 community charge budget is not yet available, it is impossible to know whether a reserve fund can fit into a budget premised on property owners paying $250/month community charges or whether an additional fee must be assessed to homeowners. Albert Hartog and Ron Maginley have suggested that the reserve fund be administered jointly by CDAL and the Community separate and distinct from CDAL with control vesting in CDAL and the Community. This needs further discussion.

Finally, the management of CDAL, Albert Hartog and Ron Maginley, wish to make it known that they would like very much to move much faster but legal issues concerning the whole estate and the administrative financial back log of the La Perla company worldwide is causing progress to be slow. Management has shown their willingness to restructure but shortage of cash, due to non-paying, defaulting property owners and the enormous volume of legal issues are prime factors in the delay in moving forward.

Advisory Board

Albert Hartog Adam Barrett Christine Mallalieu

Chairman - CDAL Annette Carey Jim Omand

Ron Maginley Ron Chapman JoAnn Redick

Managing Director – CDAL Ian Deane Charlene Selkridge