



OWNERS' COMMITTEE

Representing the Members of Columbus Point (Management Company) Limited.

To all members of Columbus Point (Management Company) Limited (CPMCL).

27 July 2014

Dear CPMCL Member,

Introduction

The purpose of this letter is to update you on the proposed way ahead for CPMCL and the water feature. The document highlights the agreement with Aria Homes, then outlines the transitional phase, the appointment of interim directors, and possible timescales, before concluding with a short discussion of the service charges. This letter comprehensively sets out our objectives for CPMCL and how we intend to achieve them; we hope that you will read it in full, but for your convenience, we also include a summary of the key points in the form of questions and answers at Annex A.

Background

As you know, over the past few years a combined group comprising members of the Water Feature Action Group (WFAG), Columbus Point Residents' Association (CPRA) and Dominica Court Residents' Association (DCRA) has been working to establish a viable resolution of the dispute about the water feature with its developers (Aria Homes Ltd) and CPMCL. The 2 June 2014 agreement between the group and CPMCL/Aria Homes marked the end of the dispute and the beginning of the transition of CPMCL in to a member-controlled company.

The agreement brought a change in purpose for the WFAG/CPRA/DCRA group, whose members will now focus on liaising with CPMCL and acting as the main information conduit to property owners. To mark this change of purpose and to establish a clearer singular identity, the WFAG/CPRA/DCRA group has been renamed to the simpler title of "Owners' Committee" (OC).

The Agreement

The main points arising from the 2 June 2014 agreement are:

- The transfer of the management of CPMCL from the current Aria-appointed directors; firstly to five interim directors from the OC, then subsequently to a new full Board of Directors appointed by a vote of CPMCL members.
- The unconditional payment of a minimum of £175,000 by Aria Homes to CPMCL after the transfer of CPMCL to owners' control.
- The transfer of the freehold of the water feature to CPMCL shortly thereafter.
- Aria Homes to clear all back charges to 30 April 2014 for all signatories.

Transitional Phase

Regrettably, we cannot achieve the first 3 points of the agreement immediately due to constraints imposed by the CPMCL Articles of Association.

The OC, CPMCL and Aria Homes are working together to resolve the constraining issues through the use of a transitional phase that will eventually lead to the full transfer of control of CPMCL and the water feature to the CPMCL membership.

The transitional phase commenced with the acceptance of the agreement by the OC and Aria Homes on 2 June 2014 and will continue until the appointment of the new CPMCL Board of Directors by members' vote.

Interim Directors

The current CPMCL directors must resign immediately upon the achievement of 369 CPMCL members. However, members will not be empowered to vote for a new board of directors until the 369 signatories is achieved. These two factors could result in CPMCL being without a management board. Therefore, five members of the OC will prepare to take over as unpaid, voluntary, CPMCL interim directors for the period between the mandatory resignation of the current CPMCL directors and the appointment of a new CPMCL board by members vote. Details of the five Interim Directors are shown at Annex B.

Transitional Phase Actions

The following actions will be taken during the transitional phase:

- Clarke Willmott, acting on behalf of Aria Homes and CPMCL, will continue to progress the High Court action against the remaining defendants (now less than 5% of owners) until a judgment is awarded that enforces the new deed of covenant and hence full membership of CPMCL. All the costs for this action will be paid by Aria Homes.
- Clarke Willmott will continue to invite the remaining defendants to settle prior to the court proceedings, which are likely to start in August 2014. It is hoped that this invitation will result in a full complement of 369 signatories in the near future; a result that will best serve the interests of the owner-controlled CPMCL.
- The Interim Directors will work closely with Aria Homes and Clarke Willmott to develop new CPMCL Articles of Association (with costs covered by Aria Homes).
- The Interim Directors will provide inputs to the current CPMCL board and to Fell Reynolds on the routine management of CPMCL, and in the setting of the 2014/2015 operating budget (and hence service charge). Further information on the service charges are given later in this document.
- The Interim Directors will prepare for the calling of an Annual General Meeting (AGM) of CPMCL members and the appointment of a new board of directors. This meeting will take place as soon as is practicable after the resignation of the current non-member directors (the Aria directors).

The OC is well aware of the very differing opinions on how the water feature should progress in the future. However, the resolution of this sensitive and contentious issue should be the responsibility of the fully elected board of owner directors. Therefore, no actions or decisions that affect the future of the water feature will be taken by the Interim Directors during the transition phase.

Timing

Unfortunately, it is not possible to forecast precisely when we will gain control of CPMCL, because the timing is dependent upon a number of factors; i.e. when all 369 owners will become CPMCL members or any High Court action is completed.

We ask for your patience and co-operation as we move towards full control of CPMCL and we will keep you informed of developments as and when they occur

2014/2015 Water Feature Service Charge

Members' responsibility for the 2014/2015 service charge commenced on 1 May 2014. Regrettably, preparation of the detailed historical information needed to develop the 2014/2015 estimate has been delayed; therefore Fell Reynolds have not been able to issue the service charge invoices.

However, the current CPMCL directors, Fell Reynolds account manager and the interim directors will meet next month to screen the 2014/2015 water feature budget and to agree the service charge. The aim is to minimise costs wherever possible, whilst meeting the current mandate of maintaining a functioning water feature. Recent improvements to lighting, together with better monitoring of water and electricity usage should lower the running costs. Therefore, although it is not possible to predict the amount of the service charge, we would expect it to be no higher than last year's invoice, as estimated by Fell Reynolds.

Please be aware that all CPMCL members will be required to pay the 2014/2015 service charge in full as per the conditions of their deed of covenant and we seek your full cooperation in this matter.

If you have any questions or concerns, please contact any of the Interim Directors at owners.committee@btinternet.com

Yours sincerely

Ray Blunden

Ray Blunden

For Owners Committee

ANNEX A: Questions and Answers

Q1: Do the owners now control CPMCL (and hence the water feature)?

A: No. Owners will not be able to take control of the company until 369 owners have signed as members. Currently there are 366 signed members and Clarke Willmott are actively pursuing the remaining few owners. The issue will be resolved either by the voluntary signing of the new deed of covenant by the remaining owners, or by a High Court judgement to that effect. This could occur as early as August 2014 if all signatures are obtained, but could be as late as end-2015 if the High Court process is followed.

Q2: Am I a voting member of CPMCL?

A: Yes, if you are a sole owner and have signed the new deed of covenant. However, if you are a joint owner, only one owner per property can be a voting member.

Q3: Can I now vote now as a member of CPMCL and if not, why not?

A: No, CPMCL members cannot vote yet. This is because the CPMCL Articles of Association (the document governing the company in accordance with the Companies' Act) do not allow members to vote **until** all 369 owners are members of CPMCL.

Q4: How are the directors of CPMCL appointed?

A: As per the Articles of Association, the CPMCL directors are appointed by Aria Homes Ltd. However, as soon as 369 owners sign to become members, these non-member directors must resign immediately and be replaced by directors who are members of the company.

Q5: If I cannot vote, how will the Aria directors be replaced by member directors?

A: Five interim directors (all of whom are CPMCL and OC members) will be appointed by Aria before the Aria directors resign. These interim directors will manage the company until an AGM can be called and a new board of member directors voted by the members. Further information on the 5 Interim Directors is given in Annex B.

Q6: Why do we need Interim Directors?

A: The primary reason is that we could reach the target of 369 members at any time. This means that the current CPMCL directors might have to resign at very short notice, leaving the company without a management board. The appointment of Interim Directors before that happens will support the smooth transition through this period until a full board can be appointed.

A secondary reason is that it enables the owner's representatives to have an immediate input in to the management of CPMCL and the running of the water feature. In particular, this will allow the Interim Directors to influence the 2014/2015 budget and the revision of the Articles of Associations.

Q7: Why will there be 5 Interim Directors and why have they been nominated from OC members only.

A: There are 2 reasons why 5 Interim Directors have been nominated. Firstly, the positions are voluntary, unpaid and carried out in the incumbents' spare time; so having 5 directors enables them to spread the workload to a reasonable level. Secondly, each of the nominated directors has specific experience and expertise, which together enable them to cover all aspects of CPMCL business.

OC members were nominated to be Interim Directors because they have represented owners' interests during the long-running dispute with the developers and had been instrumental in achieving the agreement that will benefit all of us. Therefore, they have the experience and knowledge to be able to manage the company through the transition period. In addition, they are well known and respected by the current CPMCL directors, who are content to "pass on the baton" to the nominees.

Q8: Why can't we change the water feature now?

A: Nothing can be done to change the water feature until CPMCL is fully controlled by members. The future operation or form of the water feature is a highly complex and sensitive issue. Opinion amongst members is broadly divided between those who wish to keep the water feature as it is, those who want some form of mixed water/landscaped feature and those who would favour a totally landscaped option. We do not believe that it is within the remit of the Interim Directors to deal with this issue. However, we anticipate that members will require the new elected Board of Directors to address the problem as a priority.

Q9: Will I have to pay service charges this year and if so, how much?

A: Yes, all members are responsible for service charges with effect from 1 May 2014. The service charge invoice has been delayed and we expect the invoices to be issued next month. We anticipate that the charges will be no higher than the estimated charge we received last year.

ANNEX B: Nominated Interim Directors.

The OC-nominated CPMCL interim directors are (listed alphabetically):

Christine Allan.

Christine has many years' experience as a senior executive assistant. She has been a member of the WFAG for over a year and is the current CPRA treasurer. She administered the Legal Fighting Fund and has been the key advocate in seeking and encouraging owners to sign the new deed of covenant; thereby enabling the OC to fulfil the agreement with Aria Homes. Christine has the lead responsibility for liaison with Clarke Willmott.

Ray Blunden.

Ray is a retired senior manager with considerable experience of high-level management and leadership. He is a qualified project manager and member of several leading professional bodies. He has been a WFAG member for over 2 years and is currently the DCRA Chairman and CPRA Vice-Chairman. Ray is the author of the agreement proposal that was accepted by Aria Homes. Ray acts as the primary liaison with the current CPMCL directors (Peter Taylor and Matt Paine).

Bruno Di Lieto.

Bruno is a local business owner, active member of DCRA and CPRA Committee member, and one of the founder members of the WFAG. He has acted as the lead coordinator of the WFAG for several years and since 2006 has been involved in every aspect of the dispute and its resolution. Bruno has lead responsibility for budgets and liaison with EBC officials and our local MP.

Richard Moakes.

Richard is a multiple property owner and landlord who has extensive experience as a director of property management companies. He has served on the WFAG for over 3 years and proved to be a stalwart champion for the rights of owners. Richard acts as the main liaison with the management agent (Fell Reynolds).

Frank Spooner.

Frank is a highly experienced retired director of specialist engineering companies who has served on the WFAG for over 3 years. He acted as the Owners' Representative during the 2012 water feature survey and has been instrumental in ensuring that the recent improvements to the water feature are in our best interests. Frank's primary responsibilities cover liaison with the engineers currently maintaining the water feature (Corrosion Protection Services (CPS)).