

QUINTA do MONTINHO OWNERS ASSOCIATION (QDMOA)

BULLETIN 2/2014

David Murphy attended a meeting on 30 January 2014 urgently called by Isabel Coelho in order primarily to address the critical situation re the cash flow situation for GSA in February 2014, the review of the House Accounts, and the proposal for the 2014 C&U (the Chairmen of all the OAs were invited separately to meet Isabel Coelho for this purpose).

In advance, we had been made aware that cash flow was critical given the need to pay the IVA bill of €60,000 by February 10th, and that each OA would be asked to consider C&U payments in advance.

Matters that we felt it important to clarify included :

- a. what is the real current situation vis-à-vis the ability to provide services with less staff and GSA's cash flow; what has caused the current situation;
- b. will the staff be paid in January (or part-paid) and, if not, what are the implications on services;
- c. given the above concerns, C&U payments in advance are not supported. What is the alternative to advance payments? We proposed, for example, monthly payments in arrears until GSA feel able to revert to the current arrangement of quarterly in arrears;
- d. will GSA assure us that the process for aggressively pursuing non-payers will continue;
- e. will outstanding works and improvements continue on schedule (e.g., speed bumps on the QDM road and arrangements for installation of fixed sun parasols).

Main Points Arising from the Meeting

2. The following were the main points arising from the meeting :

- a. 13 GSA staff members were released (dismissed / made redundant) on 24th January – a mix of Housekeeping, Kitchen, Reservations and Administration;
- b. House Accounts – all House Accounts have been analysed, back to 2008 (back 5 years in accordance with Portuguese legal requirements); multiple errors have been found when comparing House Account entries, bank entries and invoices; approximately 80% of the House Accounts will need to be rectified in order to ensure their correctness – this could lead to some money being requested from Owners, and some having more in their House Accounts than they should have. We believe that this will have only minimum impact for QDM. Those whose House Accounts will need to be rectified will be advised mid to end February, following the completion of the audit;
- c. Unsold Houses / Fractions – only a small number of houses have been sold as a result of the first round of sealed bids (no details available at this time); a second round of bids will be invited in February – at 85% of the first round prices;
- d. GSA cash flow issues are being exacerbated by the need for
 - i. increased payments due to the Creditors under the Court-agreed Insolvency Plan;
 - ii. the outstanding IVA payment of €60,000 due 10th February;

e. Other OAs –

- i. The View – have agreed their 2014 C&U figures; and have agreed to pay 1st quarter in February, 2nd quarter in April, 3rd quarter in July, and 4th quarter in September;
- ii. Phase I, II and Golf Village Houses (GVH) – have agreed to pay 1st quarter in February – not yet agreed the amounts and is awaiting Executive Committee confirmation; the amounts will be 2013 plus inflation;
- f. GSA accepted the QDM proposal to C&U payments monthly in arrears until such time as GSA wish to revert to quarterly in arrears; GSA agreed the following amounts –
 - i. 2-bedroom townhouse - €1400 plus inflation, i.e., €1416 - €118 per month
 - ii. 3-bedroom townhouse - €1995 plus inflation, i.e., €2016 - €168 per month
- g. The Standards survey will continue to be carried out on a quarterly basis, with any % reduction applied to the 3rd monthly payment of the quarter;
- h. GSA reiterated that the concession awarded to those properties with their own pool (QDM 1, 2, 3 and 41) was no longer appropriate; these arrangements are being re-assessed and GSA's initial proposal is for a 15% reduction on the costs for a three bedroom town house. The OA agreed to look at the previous budget and accounts figures to ensure that a realistic reduction is achieved.
- i. 2014 Management Fees for QDM Fractional Owners will not include the contributions to the QDM Reserve Fund and Sinking Fund;
- j. GSA gave an assurance that the processes associated with non-payers remains a priority and will continue. It is hoped that the OA will be in a position to expand on the process and update all Owners at the March AGM.
- k. GSA cash flow – staff will be paid 60% of January, payment of the Owners Services related fees in February will allow the remaining 40%; the earlier payments of C&U will facilitate the IVA payment – the alternative to earlier payments would potentially lead to liquidation of GSA because of non-payment of IVA to the State; and
- l. GSA staff moves – Eduardo Martins has assumed the role of Cardine Martins in “Accounts Receivables”; Owner Services is now managed as part of an overall Housing Department by Barbara Oliveira; Lucia and Ana remain in Owner Services, Magda is moving to “purchasing for the Maintenance Department”; and
- m. Impact on QDM improvements – the planned speed bumps on the QDM road are still awaiting the sign-off by the Vila do Bispo Mayor, this is expected shortly; and the discussions re fixed sun parasols will be deferred to the next QDMOA / GSA meeting, now planned for Wednesday 5th March (16.00 hours).

Conclusions

- 3. GSA is clearly operating under very significant financial constraints. Whilst other OAs have agreed to an advance of quarterly payments, it was felt that the “monthly in arrears” approach would be better from a QDM perspective in order to continue the OA's prime concern in protecting the Owners' monies. In addition, the increase of C&U for 2014 taking into account the low inflation in Portugal is also considered appropriate.

4. With respect to the Villas, this is a sensitive issue for both the Villa and Townhouse Owners, but clearly the present concession will not continue. The OA should recommend to GSA that they demonstrate (with figures) a justifiable C&U proposal to the Villa Owners. Clearly, all Owners take benefit from, for example, infrastructure and green areas maintenance, roads and street cleaning, and utilities and equipment associated with the domestic water supply.
5. The next meeting with GSA is currently scheduled for Wednesday 5th March.

Post-Meeting Note

6. QDM OA has submitted the 2014 C&U proposals (reference sub-para f. above) to the Executive Committee and have been approved.