



Caribbean Developments (Antigua) Ltd.

**2023 Jolly Harbour Community
Questions & Answers**

Finance & Budget

1) What does the Community Charge cover?

The monthly Community Charge pays for the services provided to and for the benefit of the property owners, here's the link to the Jolly Harbour 2023 Community Charge Budget detailing all expenses. ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#))

2) How is the Community Charge determined?

The community charge is based on the annual budget that has been compiled and presented please see the attached link. ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#))

3) Will consideration be given in the future to varied pricing depending on property size?

This is currently being researched by an independent third-party expert.

4) Do homeowners pay for the upkeep of the golf course?

No, the golf course is not funded by community fees, nor is it owned by the community.

5) Why are owners being charged for the warehouse?

The community pays only a portion of the warehouse which is reflected in the rent that is charged. Jolly Harbour Infrastructure equipment, paint, tools, lighting, plumbing equipment spare parts are all kept at the warehouse. It is also used as a workshop for maintenance. The community is being charged \$4,600 USD a month for all office space related to management of the community. Please see rent expense on the 2023 budget link. ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#))

6) Will Jolly Beach Resort on its reopening be reconnecting to the JH sewage system and if so, how much income will this generate?

Yes, CDAL is processing the sewage for the reopened Jolly Beach Resort. CDAL will be charging JBR for this service monthly and it will be marked up. There is a meter in place, so there is a variable charge based on metered volume of sewage treated with a profit margin built in that is retained by the community.

7) Why is the Commercial Centre Charge of US\$111,111 not increasing in line with the increase to the Community Charge for homeowners? It should be going up by 20% to take account of inflation etc.

We have analyzed the Commercial Center Charge amount and it appears to be more than what it should, though we are not proposing to reduce the amount. Having said this, we are engaging an independent third party to do a review and make a recommendation. Please note that the Commercial Center pays for all its own security, have their own cleaning staff, their own landscaping billed by CDAL, waste removal and anything to do with their own maintenance is billed back by CDAL. These are all separate contracts. The Developer pays for the landscaping and garbage removal for Epicurean and Budget Marine.

8) What specifically is the value of the cross charge between the Marina and the community for waste management and water?

The Marina pays for their own garbage removal and landscaping. The Marina is billed separately for its own electricity and water. CDAL bills ECMBL for all maintenance work done at a marked-up rate which means CDAL makes money on these transactions. ECMBL also shares half of the cost of cleaning the waterways. ECMBL does not pay a portion of the new boat patrol as they have their own in-depth security CCTV camera system throughout entire property and dedicated security guards with a separate contract from Hawkeye Security.

9) Does the Commercial Centre charge include the Beach Bar and Al Porto's? These operations also use community assets so should be contributing.

The Beach Bar is paying the monthly Community Charge for both lots. The Commercial Centre contribution includes Portofino/Al Porto's.

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- 10) What assurance do we have that Budget Marine, The Epicurean and the Casino are contributing their fair share to the running of Jolly Harbour and the use of JH's infrastructure?**

The Casino is closed and doesn't contribute. We can assure you that the Epicurean is included in the Commercial Center contribution, as is Budget Marine.

- 11) Stanhope Shepherd once owned a considerable number of JH properties, these were sold to the Chinese. Has this matter been cleared up? Are the Chinese paying full CC for all apartments built? Are they paying full Community Charges on the undeveloped properties? Do they understand their responsibility to Develop? Has CDAL considered purchasing these back as per the Conditions in the Transfer Document? Or were these legal documents customized as well?**

No, the matter is still pending before the Antigua & Barbuda High Court. The matter went to trial in June 2022 and CDAL is awaiting a decision/ final judgment from the court. Stanhope Sheppard and CDAL have an active court case and are working to resolve all outstanding issues. CDAL cannot consider making any decisions or taking further steps until the delivery of the court judgment.

- 12) Can you confirm that the Stanhope Shepherd properties CC is being increased by 20% in common with other property owners paying the full CC (last year they seem to have paid \$75)? If it can be increased in this way, why can't they be made to pay the full CC?**

The Stanhope Shepherd lots have increased from \$75USD to \$90USD in 2023. This issue of paying full CC is included in the above-mentioned court case and subject to the determination of the High Court proceedings.

- 13) Apartment Complexes such as Harbour Island Residences, Colibri Court, Sub-divided villas of OPBM, etc. Are these all charged the full CC and on a per unit basis?**

Yes, all of these units are required to pay a full community fee.

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- 14) The previous directors of La Perla and others, were beneficial Owners of property on the Island and at Reed's Point. Have these been transferred to them yet? Are they paying the full share? If not yet transferred to these beneficial owners, be aware that this act of bypassing the transfer taxes is illegal.**

Since the new management took control in 2021, CDAL has been diligently working on getting these properties transferred to the beneficial owners. CDAL is aware of the potential legal concerns, and this is why letters were sent to all of the respective owners of non-transferred properties in the early part of 2022 thereby creating a lot of progress on the transfer of legal title in a number of these properties. CDAL is also taking an active role to ensure community charges are paid by these owners. There are approximately 24 remaining Ultimate Beneficial Owner lots that we are working to get transferred.

- 15) What progress has been made in collecting outstanding Community Charges?**

As previously announced, CDAL recently collected \$114,000 USD from one party, and we continue to actively pursue outstanding debtors on a regular basis.

- 16) Is there no way to put a lien on the properties of those with outstanding CC or add it to their taxes? Homeowners who pay the CC should not be subsidising those who do not.**

Yes, we are placing liens on properties, but this doesn't help collect the outstanding amounts. It does however provide for the ability for us to settle the outstanding amounts when the property changes hands to a new owner. It has always been CDAL's policy not to register any new owners to any of our services unless the previous owner's community charges are in good standing and up to date.

- 17) With so many villas looking abandoned, does that explain the accounts receivables over 90 days of \$6,973,978.33? Are these outstanding community charges as well as sinking fund charges? If yes, what will CDAL do to get paid?**

Yes, these amounts go back in some cases more than 15 years and are for Community Fees, Sinking Fund Fees, Interest and in some cases utilities. We are in court on several matters, but this process takes time. We are issuing demand letters and legal notices whenever we can. We are registering liens and continually contacting individuals. In some instances when we are unable to reach a registered homeowner, we have a private investigator who has been assisting us with tracking the whereabouts of the

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nonresponsive or missing homeowners. It is a process, but rest assured we are working on this daily. This has produced some positive results as our accounts team is playing an active role in the ongoing process. Here is the link to the 2023 Budget presentation that speaks in detail to the outstanding accounts receivable ([CDAL - Jolly Harbour Antigua | JH Community Charge Budget Meeting 2023 Recording](#)).

18) Why is there a bad debt provision made at 9.5% (US \$345,037) when technically there should be no bad debt as collection can always be made when the property is sold?

Accounting rules require us to make a bad debt provision for any account that is over 90 days. Properties are sold very infrequently but when they are, these matters are settled.

19) Why is the balance in the Sinking Fund only USD\$115K? It should be higher as no expenditures have been authorised by the Community in recent years.

CDAL has provided sinking fund reconciliations since June 2022, these are available in the owner's section of the website.

20) If the Sinking Fund is being discontinued how will major infrastructure expenditure be funded? Will an infrastructure levy be introduced and if so, what is the estimated amount for this?

The sinking fund was discontinued in 2023 but has now been incorporated into the month community charge, which is subject to ABST. An infrastructure replacement plan \$400,000 USD in 2023 is included in the budget, please see attached budget link ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#)).

21) Are all standard Villas, the Custom Homes and undeveloped plots on the Hillside North of the Q Block, included in the total number for assessment of CC?

Yes, the covenants on all lots are being enforced accordingly.

- 22) Regarding the 2- year interest-free loan - charge of ECD\$1,075,412 in 2023 – if the loan is interest free: how could it generate an expense? If the ECD\$1,075,412 is an installment on the repayment of the loan - What is the principal of the loan and to whom is this amount repaid?**

The principle is \$800,000 USD and is to be repaid equally over 24 months with no interest charged. This amount is repaid to the shareholder. It would be very difficult to obtain third party financing for infrastructure.

- 23) We note that the management consultancy fee of USD\$200K includes the CEO and the Operations Manager. We currently don't have these roles filled as the previous incumbents are now with the development side of the business. When do you anticipate having a replacement CEO and Operations Manager in place for the Community and, related to this, is it therefore appropriate for USD\$200K to be charged?**

The community is being charged a fixed \$200,000 USD management fee which includes a portion of the above-mentioned open positions amongst a host of other team members that are not charged directly to the community. These open roles are actively being recruited while current team members continuing to provide the necessary management and oversight.

- 24) There is no budget revenue stipulated for development levy income – why not?**

Any anticipated development income has been included in maintenance and construction income, please see the 2023 budget. ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#))

- 25) How is the rent for the Sports Centre, Security huts, Warehouse and administrative offices calculated?**

These were the historical amounts budgeted with no increase projected in 2023. This will be revaluated for the 2024 budget.

26) What are the legal costs? It is a very high cost for just the management of the existing residential community.

Legal costs are for the ongoing legal services including ongoing litigation required for the community, with the majority of the expense needed for the collection of outstanding property owner accounts.

27) There is an expense line for water which is believed to be the difference between the cost of purchasing water and the cost billed to either residents or the specially identified utility cost centres. How much of that is leaks and how much is utilised by the Commercial Centre? There appears to be meters for each security hut, so we assume there must be meters in the public restrooms in the Commercial Centre - but please confirm.

As we have been discussing and presenting regularly, there are severe deficiencies within the community water infrastructure. As promised, a third-party expert has concluded their analysis and we are working diligently to make all recommended repairs. We will be providing additional information on this in the future. All Commercial Centre tenants are separately metered and billed accordingly.

28) Electricity, property lighting (Study) - can CDAL explain what this line in expenses relates to as it is a significant cost?

This is the cost of operating the lighting within the community. Several years ago, a study was commissioned to determine the cost of providing the service. This cost has not been increased for many years and needs to be reviewed for the 2024 budget.

29) I would imagine that APUA will have to raise their electricity costs in 2023. I fail to understand why CDAL won't allow owners to add PV and buy any unused capacity from them. Given the current electricity bill is \$141k and will increase this is something that strikes me as a no brainer. (On the basis the homeowner pays CDAL to replace their existing meter with an import/export meter). CDAL could charge buy back rate that enables them to make a profit too.

We are studying the feasibility of this and are in discussions with the relevant government authorities.

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- 30) Software costs look high at 26k USD given that Microsoft 365 business standard = \$150 USD per user per year, or premium is \$264 USD per user per year. So, enough software for either 178 or 101 people.**

There are multiple different software programs that are necessary in running the community. The budgeted cost includes software, updates, and service.

- 31) Looking at maintenance, clearly replacing the Sewage plant infrastructure is a major project. Is there full visibility on this such as a report from a consultant/expert advising what the problem is, old age possibly? Are there recommendations to solve? Will there be a consultant writing a detailed specification?**

Yes, please refer to the reserve study which is posted on the Community website. ([CDAL - Jolly Harbour Antigua | Jolly Harbour Reserve Advisors Report](#))

- 32) Will these works be tendered? Who to? Company of sufficient size, ongoing viability? Off island?**

All major contracts are tendered, and we solicit three quotes wherever possible prior to making a final decision.

- 33) Is the water purification plant financing itself from the water usage fees, or is a portion paid through the community fee?**

The Reverse Osmosis plant ("RO Plant") was privately financed by the developer. The monthly community water charges include all the costs of running the RO plant and there is a portion returned to the developer to offset the initial and ongoing capital investment required to operate the RO Plant.

- 34) Why is there a line for credit card fees when homeowners are charged a fee when paying by card? Either the expense line should be eliminated or there should be a corresponding income.**

As of January 1, 2023, in accordance with the Antigua and Barbuda Bankers' Association, we are no longer able to charge a convenience fee when paying by credit card as such there is a new budget expense in 2023 to cover this cost. ([CDAL - Jolly Harbour Antigua | 2023 CDAL Community Charge Budget & Commentary](#))

- 35) Dr. Erhart promised one property one vote. How will CDAL help achieve this? May I respectfully suggest those property owners, paid current on the Community Charges be granted a full vote.**

At some point in the future, CDAL intends on forming a proper, legal homeownership association which will provide voting rules and regulations. At present, the existing legal structure of the community does not enable this procedure.

- 36) What is included in "other revenue"?**

Other revenue includes income for security passes, third party charge out for CDAL Landscaping, and Sports Centre revenue.

- 37) The number of divisors being used to forecast the community charge income are lower than those previously declared, why have the numbers reduced?**

The divisor increased from 833 homeowners in 2022 to 850 in 2023.

Security

- 38) When was the contract for the external security company last put out to tender? Shouldn't a tender exercise be carried out to ensure that we are getting value for money and the best security available?**

In late 2022 a tender was put out to security companies for proposals. These were received and compared with the one offering the best value winning the bid. This process ensures that CDAL are achieving a competitive rate and value from the provider.

The security company provides 24-hour security coverage in the requested areas. Officers are responsible for manning access points and patrolling areas in JH, responding to emergencies and incidents, and escalating to the police when necessary. The security officers take direction from CDAL's Security Manager, Jemoye Charles.

➤ Harbour Patrol

- Why was harbour patrol implemented?
- What are the roles and responsibilities?
- Who does harbour patrol report to?
- How much is the JH Marina and Commercial Centre contributing to the Harbour Patrol?
- As announced in November's newsletter, Neil Gilkes, Boat Captain, has joined the CDAL team and is tasked with patrolling the harbour and residential waterways. He is to communicate the speed limit and no wake rule to traffic as well as patrol the waterways.
- This role was brought in after complaints from residents regarding trespassing of boats and jet skis on private property, and concern regarding speed limit and no wake rules being broken regularly. Neil reports to Jemoye Charles, Security Manager. Please contact the Security Manager if you spot any violations or performance issues with the Harbour Patrol boat.
- The JH Marina does not contribute towards the harbour patrol as they have their own security company patrolling and an intricate network of CCTV cameras in place throughout the property. The marina uses their own dinghy and staff to assist in reminding boats coming in and out through the channel to adhere to the speed and no wake signs.
- The Harbour Patrol boat is used to observe activities from the water throughout the Jolly Harbour Property, in the most part, beyond the boundaries of the marina.

Contributions From Undeveloped Lots

39) What is CDAL doing about enforcing development? Some people who owned parcels, originally intended for from 5 to as many as 10 villa units, and who have not developed for one reason or the other, are stagnating growth, of the divisor factor. What action is CDAL Taking to encourage the necessary development of these vacant plots?

CDAL has contacted and continues to follow up with all owners that haven't built to remind them of the covenants and requirement to build. Responses have been received

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from many of the owners. Whether a property is developed or not, the community charge still applies.

Harbour Island Development

- 40) Is the new development on Harbour Island contributing to the original development costs or are they taking advantage of our original expense of supplying infrastructure?**

They contribute like all others the full community fees, connecting to the existing infrastructure.

- 41) At what point will the properties forming part of the ‘Gardens’ complex begin paying CC and can you give an assurance that they and other new developments will pay the full CC? (with no special arrangements)**

The Gardens has been paying the full community fee for all plots since the day they were acquired.

Planning and Construction

- 42) Is a development levy being contemplated to go towards damage?**

New building regulations will be implemented soon, with a development levy included.

- 43) How will you ensure that existing property owners are not going to be subsidising the new development projects within Jolly Harbour?**

Any new infrastructure for future development will be funded by the developer. We will be providing ongoing transparent financials for CDAL.

- 44) Where/how is the cost of the Planning Manager covered? Should that cost not be covered by the charges applied for planning applications and contractor work permits?**

Currently the services of the planning manager are included in the annual \$200,000 USD management fee.



Caribbean Developments (Antigua) Ltd.

CDAL Contact information

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Finance

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Planning and construction

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Note: the planning office has relocated to the customer service office in the commercial centre.

Maintenance

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