

# MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF AVALON SPRINGS BODY CORPORATE

HELD ON 4 JULY 2012 AT 18H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA  
POINT

The Chairman, Mr Ross James, opened the meeting by extending a warm welcome to everybody present.

## 1. Notice / Quorum

The notice had been circulated within the required period and was taken as read. The Chairman confirmed a quorum was present and, accordingly, the meeting was declared properly constituted. He also requested everybody present to ensure they sign the attendance register.

## 2. Apologies

Apologies received from Mr Upadhey (Trustee) and Mr Amod (Trustee). Apologies were also received from Mr R. Mayer, Mr & Mrs Lyne and Mrs Beinart.

## 3. Minutes of the last Annual General Meeting

The minutes of the previous Annual General Meeting held on 28 July 2011 had been circulated with the notice. These minutes were proposed by Mr Wium and seconded by Mr Bruce. As there were no comments or changes suggested, these minutes were adopted and signed by the Chairman.

## 4. Chairman's Report

The Chairman's Report was circulated with the notice. The report was proposed by Mr Jaffe and seconded by Mrs Di Gordon. The Chairman informed the meeting that the important point, the refurbishment, will be discussed at a later stage in the meeting, which was approved by all present. The Chairman thanked Andre Schoeman and his team for their hard work and effort during the refurbishment. Andre stated that, having been at the resort for 22 years, he thoroughly enjoyed being involved with the remodeling and believes the owners will love the look of the new units. He also thanked his team for their hard work and support during this time.

## 5. Audited Annual Financial Statements for the year ended 29 February 2012

The full set of financials was circulated with the notice of the meeting, as there were no queries from the floor the financials were proposed by Mr Hedley Adams and seconded by Mrs James.

## 6. Forecast of Income & Expenditure for the year ending 28 February 2013

The budget for 2013 had been circulated with the notice and had been prepared without the Special Levy. The Chairman advised that we have budgeted for a small net profit of R581. The results for the first two months indicate that we are on budget. There is some concern regarding Rates & Taxes, Electricity, Salaries & Wages and future reserve funds.

### - Rates & Taxes

Nick Dickson has drafted a fantastic report and presentation to the Langeberg Municipality, contesting the valuation that was charged to the Body Corporate. The Chairman explained that the Trustees were unhappy with the valuations, and hoped an adjustment will be forthcoming.

### - Electricity

The whole resort commissioned a study into maximisation of electricity savings, areas where we could save by having fewer lights, automatic timers on the geysers, etc. Some results have been implemented, in terms of LED lights, and others are being investigated. The Trustees are very concerned, and actively responding to, the challenges of future Eskom hikes. The announced Eskom hike of 25% was budgeted for, the fact that this dropped to 16% gave some leeway. However the trustees hope that future increases are within the budget.

### - Future Reserve Funds

In terms of the amount provided in the forecast for future reserve maintenance, R418, 000 was put aside and will be utilized together with the Special Levy to meet the refurbishment costs.

- Salaries & Wages

The salary negotiations are not yet completed. Andre is confident that this would be finalized within the next week. A 7% increase has been budgeted, and hopefully we will be able to negotiate at the above mentioned level or slightly below.

- Computer Costs

This is of concern. All payroll and wages are handled in Johannesburg; the expertise is being shared with our Managing Agent and the payroll department at head office. To keep up to date with modern technology additional costs are continuously being incurred.

As no other comments were raised, the Chairman moved on to the next point on the agenda.

7. Insurance Replacement Values

The Chairman referred everyone present to page 2 on the financials for the insurance breakdown.

Currently the insured value of the property is stated as follows:

- Buildings (Fire and allied perils) – R23 449 800
- Contents – R2 207 040
- Business Interruption – R6 142 500
- Public Liability (applied to resort as a whole) – R50 000 000

The Chairman referred to the Contents Insurance value of R2.2 million and stated that this item will require amendment under the current cost of the refurbishment. He requested Nick Dickson to put forward the new valuation costs report to enable easy reference to actuals spent on the refurbishment. This report to be circulated to the trustees and the insurance company advised accordingly.

8. Appointment of Auditors and approval of their fee

The auditors are PKF Incorporated (Cape Town), who are also the auditors for the Hotel & Mountain Chalet Body Corporate. The meeting confirmed PKF's reappointment and approval of their fee.

9. To elect Trustees

The Chairman felt there was sufficient mixed expertise among the current Trustees to cover the running of a resort such as ours. As no new nominations were received, Anthony Ross James (Chairman), Ameen Amod, Weston Dickson, Di Gordon, Moosa Lawrence, Roy Lipman, Mike Thompson, Hedley Adams and Hashmat Upadhey - offered themselves for re-election and was accepted en bloc. This motion was proposed by Mr Wium and seconded by Mrs Jaffe. The Chairman wished the Trustees well for the forthcoming year, and thanked them for their input and support.

10. Placing any directions or restrictions on the Trustees

To date no restrictions had been placed on the Trustees and it was agreed that this situation should continue.

11. Domicilium citandi executandi

There has been no change in the Domicilium of the Body Corporate; therefore it remains at Avalon Springs Hotel, Uitvlucht Street, Montagu.

12. Special Business

- Upgrade & Refurbishment

- As it was decided that unit 103 will not be changed to be similar to the other units, Mrs Dawson stated that she is happy with the offer that was made with regards to their unit, and the matter was laid to rest.
- The Chairman asked if Mr Dickson was happy with the refurbishment, as he represents all the units from Dream Vacation Club. Mr Dickson explained that he is very pleased with the end result, he feels that it is very classy and not old fashioned, the units are spacious, the balcony is more spacious with the sliding door added and the kitchen looks fantastic with the new changes. RCI rated us as a lifestyle resort and he assumes that it will be changed to a Silver Crown rating in the near future; thereafter we will aim for Gold Crown. There are some problems still being addressed

such as installation of the new panel heaters. We are also looking at adding small carpets around the bed and in the living area. Another problem is seating, as previously there were two sleeper couches, whereas now there is one, so two ottomans will be included for additional seating. He feels that the open plan is a huge plus, as it gives more living space. Unit 501 had quite a tiny second bedroom but this is now greatly improved. He reminded all owners that there is additional storage space in the sliding drawers underneath the bed.

- The Chairman asked Andre Schoeman if there was anything he would have done differently. He commented that he would like to retile the passage areas and the canopies on the balconies still have to be removed. He also mentioned the TV Cabling has been redone, and the railing that was previously added to the balcony has been removed.
- The Chairman asked Nick Dickson to explain the cost against the budget and where we stand with the Special levy. Nick explained that unfortunately a special levy, at 95% of the normal levy, had to be raised. To date we have come in at 93% of the special levy, so under budget, but there are still a few things that need to be finalized. With the new shape of the units, the RCI representative has reassessed the point's structure and there will be, on average, a 34% increase on the RCI points. Our goal is to get a Gold Crown rating which will ultimately increase these points even more. RCI biggest complaint in the past was the actual room size, as it was rated as a six sleeper but has now been downgraded to a four sleeper and this change in itself has enabled RCI to increase the point structure.

- Discussion of the A-Type Units number of residents

- Dr Michaels advised they have been staying at the resort from the 22<sup>nd</sup> of June and made the following points: She has two sons, and when they visit the resort they want to make it a family vacation. She agrees that the upgrade looks very nice, but if you live in the unit for a week with your family it is very uncomfortable. Only two people can occupy the sleeper couch at a time and the television is the focus of the room, thus she feels that four pax cannot play games etc. She also feels that it will not be fair to bring in the ottomans, as this would be more uncomfortable. She felt the existing space could be better configured to accommodate a family vacation. She also pointed out there is insufficient packing space for baggage. It is not the space that is the problem but the utilization of the space, she feels that it is important for her to share the practicalities as she and her family enjoy coming to Avalon. As the unit is now suited as a four sleeper she stated this has materially changed the conditions of her purchase. She suggested the TV be wall mounted, and the cabinet it currently stands on be removed and a sleeper couch added.
- Mr Dickson explained that a dining room table has been added, which was not there before. In addition, the luggage can be put on the top of the current cupboards or be kept in the car or boot. He does not understand how six people can occupy such a small space.
- Mrs Jones is a new owner whose transfer went through in March this year. The unit was purchased on the basis that it is a six sleeper; she is very disappointed that when they came to occupy their unit it could only accommodate four people. She believes it is possible for the unit to be a six sleeper if the TV cabinet is removed. She wants an answer on what it means that we have changed the basis on which the unit was bought.
- The Chairman asked who her estate agent was. She advised it was Christopher Stead from Lucy Upton Properties with whom she entered into discussion with in February, at which stage he would have been aware that the units will be undergoing refurbishment. Mr Lipman asked whether, at the time of her purchase, Mrs Jones was informed that a sleeper couch is for children up to the age of 10. He advised her to take to matter up with her agent.
- Mr Dickson explained that obviously the whole decision to change from 6 to 4 sleepers is quite contentious. Nick advised that a study was done to see how many guests had utilized their unit as a six sleeper. Statistics showed that between February 2011 and February 2012 only 7% of owners had used their unit for more than four pax, of which 2.5% was DVC & Flexi Club members which represents almost 80%. They have also taken the decision that they will be utilizing the units as 4 sleepers instead of a 6 sleeper; out of 2106 check-ins, 53 were utilized as 6 sleepers, which helped the Trustees to take the decision to change the units to four sleepers. We will consider bringing in an extra sleeper couch, or look at a solution where those owners who use their unit as a six sleeper, can be accommodated, provided that it is used by the owners themselves and not privately rented

out. However, the Trustees did feel that in accommodating six people, this was adding to the wear and tear of the units and was unfair on those guests who occupied the units as four sleepers. It might prove necessary to charge a breakage deposit to the owners who occupy the units with six pax.

- With Mr Dickson and Di Gordon representing Dream Vacation Club, and Hedley Adams Flexi Club, it was felt that sufficient discussion had taken place and their consensus was that it is a four sleeper. Any A-type unit being rented out, privately let or exchanged will only be done on the basis of a four sleeper, no exceptions. It is unfair to expect 80% of the owners pay for those 4% who want it as six sleepers. He further stressed that if it is to be made into a 6 sleeper the levy must be adjusted to reflect this. Obviously, having 6 people in the unit would benefit the sales in the restaurant and the café, but stressed the point that the decision was taken in the interest of all owners of the Body Corporate.
- There was a query from the floor asking whether owners had been advised of the unit change and Mr Dickson responded by stating this had been discussed at the last AGM. He stated that officially DVC, Flexi Club & RCI agreed the units be four sleepers, and would like confirmation from this meeting that this is, in fact, the case.
- The Chairman stated we must ensure we run a premier resort, with no overcrowding, and that the owners who have spent a whole year's additional levy to get the units upgraded are not faced with a similar charge in another ten years' time because the contents have been over used. As the units are only 37 Square meters, this has to be taken into consideration.
- There have been 6 letters received from owners regarding the sleeper question. Some of the items mentioned have already been taken care off.
- As the owners were not advised that a vote would be taken, it was felt it would be unfair to come to an absolute legal determination at this meeting. The Chairman requested a show of hands of those in favor of the A-type units being a 4 Sleeper (2 adults & 2 children). The result was that 21 pax agreed the units be utilized as a 4 Sleeper (2 adults & 2 children) with 3 pax in favor of the A-type units being a six sleeper.
- Mr Dickson mentioned that his units were also purchased as six sleepers, however we are changing the status and the trustees are trying to make a democratic decision.
- Mrs Jones agreed that the units look very nice, but in terms of being a new buyer and being disregarded in this meeting she feels it is unfair. She stated that she does not have a family of 6; she prefers the second couch in the unit. She wants a second sleeper couch to be added in her unit when they occupy. Mr Dickson advised there will be a cost involved, as the old sleeper couches will not match the new layout, and will have to be purchased. The two trial units were on display for all timeshare owners to inspect, but there was not much feedback from the owners.
- Andre Schoeman to ensure that Christopher Stead (Lucy Upton Properties) is aware that the A-type units are to be sold as a four sleeper units.
- It was also suggested that the B-Type units be downgraded from an eight sleeper to a six sleeper.
- Mr Barrett referred to the clause of restrictions placed on the trustees, as he feels that this matter can be solved this way. However these restrictions only refer to financial restrictions. They also feel that the change was not effectively communicated to the owners. Mr Dickson again referred to the fact that we did two mock-up rooms, and the owners where informed to come and view the rooms and give their opinion.
- Mr Lipman addressed the meeting and advised that, according to the sectional title act, it is the duty of the trustees to do what is best for the owners. He also mentioned that some of the trustees want to keep the units as six sleepers and would like to advise all A-type owners that this decision was not taken lightly.
- Mr Dickson suggested that communication to be made with all the A-type owners' utilizing their units as 6 sleepers to find out how they feel this issue can be resolved.
- Mrs Jones stated that it was only mentioned in the June newsletter that the units will now occupy 2 adults & 2 children.
- The Chairman feels that the meeting has given the trustees enough feedback, we understand the concerns of the people who purchased the A-type units as six sleepers; we ultimately have the future wellbeing of the entire Body Corporate to consider. At the next Trustee meeting, a determination will be made which would be acceptable for all owners.

- There was a question on the generator, and Andre Schoeman assured everyone that it is being checked on a monthly basis. Mr Van Blerck mentioned that if the Diesel stands too long in the tank, it settles in layers. When started up again you could have problems, Andre to ensure this is taken into consideration.
- Mrs Mc Crea queried the crack in the Island pool, Andre assured her that this has been attended to. However, he will double check.

As all items on the Agenda had been addressed, the Chairman requested any other comments from the floor. Lastly, the Chairman thanked his fellow Trustees, and the Managing Agent, for a very successful year. He also gave thanks to all owners for paying their levies and to everyone present for taking the time to attend the meeting. The meeting concluded at 19h20.

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CHAIRMAN

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DATE