

Avalon Springs Body Corporate

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

HELD ON 19 AUGUST 2015 AT 18H30 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, Ross James, was unfortunately unable to attend the meeting. Acting Chairman, Mr Weston Dickson, opened the meeting and extended a warm welcome to everybody present. He started the meeting off by introducing the trustees - Hedley Adams, Di Gordon, Roy Lipman, Moosa Lawrence and Ameen Amod - who was, unfortunately, also unable to attend. He then introduced the management team namely Andre Schoeman as General Manager, Debbie Nel from Reservations, Lozanne Van Wyk from Admin and Nick Dickson overseeing the resort from Johannesburg.

1. Notice / Quorum

The notice had been circulated within the required period. The Chairman confirmed a quorum was present and accordingly the meeting was declared properly constituted.

2. Apologies

Apologies were received from Mr & Mrs Strickland, Mr WJE Schultz, Mr & Mrs Van Blerck, Mr & Mrs Elrick, Mr Le Feuvre, Mrs Landman, Mrs Nilsson, Mr & Mrs Witter, Mr & Mrs James, Mr Amod, Mrs Van Der Vyfer, Mrs Done and Mr & Mrs Agostinelli.

We had a list of proxies: Mr R Van Blerck, Mrs JC Van Blerck, Mr & Mrs Spinoy, Mrs Landman and Mr Taylor appointing the Chairman. Mr Le Feuvre, Mrs PA James & Mr AR James appointing Weston Dickson. Mrs RM Craig appointed Mrs RA Pattenden & Mrs MJ Roux. Trafalgar Holiday Resorts, Flexi Club Property Holdings & Club Property Holdings in favour of Hedley Adams.

3. Approval of Annual General Meeting Minutes held 27 August 2014

The minutes were circulated with the notice and a copy was available on the website. As there were no changes suggested; these minutes were taken as read. The Chairman signed a copy as a true reflection of the meeting. This was proposed by the Mr Mayer, and seconded by Mrs Di Gordon.

Mr Roy Lipman indicated that on the Financial Statements his name was not listed as a trustee, the Chairman apologised for the oversight.

Matters Arising

- Currently we are issuing two gowns for the A-Type units and four gowns for B, C and D-Type. Should an owner request more, this will be sent to the units at no charge.
- We have addressed the cost of replacement of items in the units should an owner be liable for something broken upon departure.
- Mr Pietersen requested a swop form his unit to 103, which was attended to.
- There was also a request for Coffee Mugs to be put in the units, which was done.

4. The Trustees Report

This report was not circulated with the notice, however copies were available on arrival. A copy will also be placed on our website. The Chairman highlighted the following points:

- The average occupancy was 93% throughout the year. With this high occupancy rate the wear and tear on the units is enormous and the managing agent is doing its best to keep these units in tip top shape.
- The levy increase was 12.5% and in order to maintain the resort & the timeshare at levels acceptable to the owners, the Trustees agreed to increase the budgeted contribution for future maintenance by 35%, which related to an above inflation increase in the levy.
- Avalon Springs has partnered with Sondela Training Academy to form the Dream Hotel School. The benefits of the School are to provide on-going training & up-skilling of all staff at the resort. The first

students will be at the resort in January 2016. The school will provide an on the job training facility for a maximum of 20 students, & the students will be accredited with a City & Guilds certificate. The training will be work integrated, whereby the staff & the students learn the skills, whilst working.

- The resort has continued upgrading the facilities & these include the following:
 - The indoor pool has been enlarged & re-tiled.
 - Reception area has been retiled.
 - Toilets near the café have been upgraded
 - The entrance from the parking to reception & the access to the pools is currently being upgraded.
 - The LED light conversion is currently underway & should result in electrical savings. This is also in line with our social responsibility of becoming greener.
 - Telephone system has been upgraded, as well as the Wi Fi
 - The laundry was relocated after the fire & is operating well.
 - The John Montagu Bar has been restored to its former glory, with the removal of the gaming machines.
 - Spa facility has now been insourced & is offering a more professional service to our guests.
- The resort has linked to a Neighbourhood Watch, to assist with general security at the resort & the area.
- Upgrading of the road from Ashton to Montagu is scheduled to start in August.
- The net operating surplus, before transfer to reserves for future maintenance, of the body corporate, totalled R 199,337 against a budgeted surplus of R388,133, a variance of R188,796. The major variances were electricity R54,000 & staff costs R99,214. The hotel has entered into an agreement with both Body Corporates to cap the salaries for year ending 2016 at the budgeted amount. Therefore should we go over budget, the hotel will carry the difference. Every effort is made to keep expenses low & within budget, while still maintaining the necessary service & delivery to our owners and guests.
- Ross James the Chairman of the Body Corporate has indicated that he wishes to resign as Chairman, but has offered his services as a Trustee if re- elected.
- The Trustees & management of the resort & hotel would like to convey their appreciation to Ross for all his hard work & dedication over the years.

5. Audited Annual Financial Statements for the year ended 28 February 2015

A full set of financials had been circulated with the notice. The Chairman again apologised to Mr Roy Lipman for his name not reflecting under the trustees.

- Statement of Comprehensive Income for the year (Page 6)
 - There is a surplus of R199, 000 after taxation compared to the previous year R159, 000.
- Comparison of actual to Budget (Page 12)
 - The R199, 000 should be compared to the Budgeted figure of R388, 000. Even though we were short, every effort is made to maintain the costs and keep them in reasonable state. Unfortunately there are always unforeseen expenses. Referring to our current year, the Generator broke down and had to be repaired and serviced at a cost of R95, 500. Fortunately this expense could be split between the three entities, but is still an unbudgeted item.
- The Chairman thanked all owners for paying their levies on time every year.
- Our reserves are R481, 000 which is a bit low. The intention of the trustees is to build this up over a period of time.

As there were no other comments from the floor, the approval of the Annual Financial Statements were proposed by Mr HA Adams and seconded by Mr Lawrence.

6. Forecast of Income and Expenditure of the year ending 29 February 2016

The budget schedule for year end 2016 was circulated with the notice. The budget for 2017 will be drafted in October 2015 at the Avalon Springs Hotel. The levy increase for year end 2016 has been set at 12.5%, which the chairman feels is reasonable.

7. Insurance Replacement Values

The Chairman referred to page 2 of the financials for the insurance breakdown. The insured valued of the property is currently as follows:

- Buildings (Fire and allied perils) – R28 million
- Contents – R3.1 million
- Business Interruption (18 months with escalation) – R7.7 million
- Public Liability (applied to resort as a whole) – R50 million

8. Appointment of Auditors and approval of their fee

Our auditors are Grant Thornton. They are also the auditors for the Hotel & Mountain Chalets Body Corporate. The Chairman proposed that we continue with their services, which was seconded by Mr Hedley Adams. Grant Thornton was reappointed and their fee of R20, 225 approved.

9. To elect Trustees

No new nominations were received. As per the notice of the meeting, the trustees resign en masse. The Chairman confirmed that they can be nominated individually or they can be elected on bloc. The trustees made themselves available for nomination and the meeting confirmed the re-election of Ross James, Weston Dickson, Hedley Adams, Di Gordon, Ameen Amod, Moosa Lawrence and Roy Lipman.

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 et 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

No notice for Special Business had been received.

Mrs D'Aguanno & Mrs White drafted a thank you letter to the Trustees & Managing Agent of the Body Corporate.

As all items on the Agenda had been attended to, the meeting concluded at 19H12.

Chairman

Date