

# Avalon Springs Body Corporate

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

HELD ON 17 AUGUST 2016 AT 18H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, Mr Weston Dickson, opened the meeting and extended a warm welcome to everybody present. He started the meeting off by introducing the new General Manager of Avalon Springs named Sean Engelsman. He introduced the trustees being Hedley Adams, Ameen Amod, Ross James, Di Gordon, Moosa Lawerance and Roy Lipman.

### 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.

Mr H Adams added an Agenda Item: Before point 9 – To Elect Trustees, we have to determine the number of trustees. Going forward this item will be on the Agenda; The Managing Agent apologizes for the error.

### 2. Apologies

Apologies were received from M Hardie, A Eksteen, M Scherrer, R & T Van Blerck.

List of Proxy's received:

Owner/ Group Name	Unit Nr.	Appoint	Failing him
Flexi Club Property Holdings (PTY) Ltd	663 Units	Hedley Michael Adams	Michael John O'Sullivan
Flexi Club Property Holdings (PTY) Ltd	663 Units	Michael John O'Sullivan	Hedley Michael Adams
Trafalgar Holiday Resorts (PTY) Ltd	52 Units	George Edward Miller	Hedley Michael Adams
Rosslyn Mary Craig	404F12	Moyra Jeanne Roux	
Rosslyn Mary Craig	202F04	Robyn Ann Pattenden	
Timothy Francis Le Feuvre	107P05	Ross James	
Patricia Anne James	407M05	Anthony Ross James	The Chairman
Colin John Baron	502P03	The Chairman	
WJE Schultz	104H07	The Chairman	
Adriana De Vries	202M08	Michael J Thompson	
Adriana De Vries	202M07	Michael J Thompson	
Patricia Ann Swart	403H10	The Chairman	
Mark & Lynda Spinoy	307H08	The Chairman	

### 3. Approval of Annual General Meeting Minutes held 19 August 2015

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 a true reflection of the meeting. This was proposed by the Mr A Amod and seconded by Mr H Adams.

### 4. The Trustees Report

This report was not circulated with the notice; however copies were available on arrival. The Chairman highlighted the following points:

- Once again, occupancy at the resort was extremely high. The average occupancy was 87%.

- Our staff are the heart of the resort and the hotel. Avalon Springs has partnered with Sondela Training Academy to form the Dream Hotel School. The benefit of the School is to provide on-going training and up-skilling of all staff at the resort. The progress of the School has been slow. The school will provide an on the job training facility for a maximum of 20 students, and the students will be accredited with a City and Guilds Certificate. The training will be work integrated, whereby the staff and the students learn the skills, whilst working. The added benefits are access to additional hands, when needed, and a positive moral boost.
- In February 2016, Andre Schoeman resigned as the General Manager of Avalon Springs. We thank Andre for his past dedication. Sean Engelsman has been appointed as the new General Manager. His experience and past employment at Tsogo Sun and Sun City are encouraging for Avalon Springs.
- During July 2016, our unionized staff went on strike. The main reason for the strike was that the Union insisted that all staff belong to and pay unionized fees for the whole year. This was rejected by the non-unionized staff, hence the strike. All other issues including percentage salary increases, hours worked, long service awards, were agreed on. The strike was for 4 days and the compromise was that the non-unionized staff would pay one month's contribution to the union. All staff are back at work and feeling their way around this nonsensical strike. The benefit was to the union and not the staff.
- Cogman's restaurant has undergone a major facelift. We have removed the buffet counter and the canopy and opened the entrance up. We have removed the front room and have re-opened the balcony.
- We have built a separate pork kitchen in Cogman's so that we could become **Halaal Friendly**. We are not certified. Bacon, bangers, ribs and hams are currently being served from the new Pork Kitchen to a separate pork serving station. This has allowed us to prevent cross contamination to the rest of our products. We procure Halaal cold meats etc., from certified Halaal suppliers. These are served on the main buffet, so as to accommodate our existing clients and our growing Muslim client base.
- We opened a service bar at the back of Cogman's and launched a new wine list. The wine list represents 15 wine farms within a 30km radius of Avalon Springs. The list has a variety of local wines, from award winning reserve varietals to easier drinking wines.
- The Spa underwent a small revamp and is now selling retail products. The ladies have also all been sent on a variant of courses. We now offer a wider range of treatments.
- The JM Bar is in the process of changing to the JM Lounge. There will be a Coffee Bar and will be soon serving cakes and light snacks throughout the day and into the evenings.
- We have moved the maintenance department to the back-of-house of the main hotel.
- We will be changing the old maintenance facilities at the pool area into a kids arcade later in the year.
- We have had problems with our Wi-Fi signal. Montagu still operates on traditional Telkom lines. We are in the process of upgrading the system at Avalon Springs to wireless with our Wi-Fi signal being converted to satellite.
- We have revamped 7 of our hotel rooms. The laminated flooring in the bedrooms has been replaced with carpeting and the bathrooms have also been revamped.
- The entrance from the car park to reception has been upgraded with a new lawn area, central fountain and improved pathways.
- The LED light conversion was completed and should result in electrical savings. This is also in line with our social responsibility of becoming 'greener'.
- The upgrading of the road from Ashton to Montagu is under construction and has not been too disruptive.
- The Brick Balconies are a problem; the flooring is fine, but the actual bricks are coming loose. We will be replacing the brickwork with stainless steel balustrades in January/February 2017. We ask that guests do not sit on the balconies, as it can be dangerous. We are checking them on a weekly basis, but still ask guests to use with caution.
- The Bathrooms of the '07 units will also be refurbished in January/February 2017.

##### 5. Audited Annual Financial Statements for the year ended 29 February 2016

A full set of financials had been circulated with the notice.

- Statement of Comprehensive Income for the year (Page 6)  
There is a surplus of R554, 000 compared to the previous year R199, 000.
- Comparison of actual to Budget (Page 12)  
Net surplus of R554, 000 should be compared to the Budgeted figure of R513, 000.
- Every effort is made to keep expenses low and within budget, while still maintaining the necessary service and delivery to our owners and guests.
- The Body Corporate has the benefit of sharing certain fixed costs with the Mountain Chalets Body Corporate and Avalon Springs Hotel. The levies outstanding are extremely low and we thank all owners for paying their levies on time.

- The reserves are only R681, 000 which is a bit low and represents 15% of the annual levy. The intention of the trustees is to try and increase the reserve but at the same time to make sure that we maintain the resort.

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

#### 6. Forecast of Income and Expenditure of the year ending 28 February 2017

The budget schedule for year end 2017 was circulated with the notice. The levy increase for year end 2017 has been set at 9.5%, which the chairman feels is reasonable. However it is higher than inflation, it is needed to build up the reserves.

#### 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)	– R29 587 218
• Contents	– R 2 869 735
• Business Interruption (18 months with escalation)	– R 8 494 200
• Public Liability (applied to resort as a whole)	– R50 000 000

#### 8. Appointment of Auditors and approval of their fee

Our auditors are Grant Thornton. They are also the auditors for the Avalon Springs 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 R25, 421 approved.

#### 9. To determine the number of trustees

Flexi Club Property Holdings (PTY) Ltd and Trafalgar Holiday Resorts (PTY) Ltd is currently our major shareholder; they are suggesting seven trustees. The Chairman confirmed that should this go on a vote, they will have the majority vote. For this reason all present agreed to seven trustees.

#### 10. To elect Trustees

As per the notice of the meeting, all trustees resigned and made themselves available for re-election. Nominations were received for Diane Irene Gordon, Weston Dickson, Anthony Ross James, Moosa Lawrence, Roy Lipman, Hedley Adams and Ameen Amod. The following new nominations were received from the majority shareholder Flexi Club Property Holdings (PTY) Ltd: George Edward Miller; Trafalgar Holiday Resorts nominated Carol Ann Wright and Michael John O' Sullivan. Flexi Club has requested that we have a poll; therefore the count will be based on PQ. As there were some queries from the floor, the Chairman confirmed that Flexi Club wants to have control of the board; they have nominated four people, and will vote for four people. The remaining three positions on the board are available to the balance of the trustees, and depends on who Flexi Club vote for. Moosa Lawrence expressed his concern regarding this. Hedley Adams was questioned as to why Flexi Club want control of this board; his explanation was that the board of the Club has passed a policy where any resort that has the majority shares, need to have majority members on the board.

The Chairman asked that the new nominations be introduced: Michael John O'Sullivan representing Club Leisure Group and has been in the industry for 30 years and is in sales and marketing side. George Edward Miller is also representing Club Leisure Group and has been in the industry for 25 years. He is fully trained in operations and financials and has 15 – 18 golf resorts and resorts which he manages. Carol Ann Wright, not present, but Weston Dickson advised that she is an attorney and has previously served on the Avalon Springs Body Corporate board before Hedley Adams.

All present was given the opportunity to vote.

Ross James questioned the change of the trustees, seeing as they just had a trustees meeting and nothing was mentioned by Hedley Adams. He also believes that the Agenda is misleading in saying "to elect trustees" to those owners who did not attend the meeting and should they have been informed beforehand of the situation they could have sent in a proxy vote or attend the meeting. He is concerned that it is not even valid.

Hedley Adams confirmed that in the sectional title act you can bring your nomination to the meeting, therefore there is no way that you can give notice to absentee owners that there will be an election.

The votes have been counted and the Chairman advised that the following trustees have been elected: Carol Ann Wright, Michael John O'Sullivan, George Edward Miller, Roy Lipman, Moosa Lawrence, Hedley Adams and Weston Dickson.

11. Placing any directions or restrictions on the Trustees

To date no restrictions have been placed on the Trustees. The Chairman confirmed that should we go over budget, the shareholders should be informed of this. Roy Lipman suggested placing restriction on the Trustees not to charge traveling fees; this restriction was put in place.

12. 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.

13. Special Business

No notice has been received for any special business.

14. General

- Weston Dickson wished Mrs Mohammed a happy birthday.
- We had complaints about the water temperature; the Managing agent is looking into this to try and solve. Mrs Mohamed also agreed with this complaint and mentioned that one of the inlets from the Lions Head pumps cold water into the pool.
- The artificial grass on the Island Pool needs replacing, as it is dirty and soggy.
- We received a complaint about guests drinking in the pools again this year. SE explained that we will be changing over to use plastic glasses at the pool, which should alleviate this problem.

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

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Chairman

\_\_\_\_\_  
Date