

Avalon Springs Body Corporate

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF AVALON SPRINGS BODY CORPORATE HELD 21 AUGUST 2019 AT THE PENINSULA HOTEL, SEA POINT AT 18h00

1. Welcome & Apologies

The Chairman, Weston Dickson, opened the meeting by welcoming all present. He introduced himself as Chairman, and the rest of the trustees being Hedley Adams, George Miller, Carol Wright and Shumiez Basson standing in for Ameen Amod. He also introduced the management team namely Gavin Hatherley the General Manager, Debbie Nel from Reservations, Lozanne Van Wyk from Administration and Nick Dickson, Dream Hotels & Resorts Director.

Apologies were received from the following owners: Tim Le Feuvre, Marilyn Hardie, Wilhelm Schultz, Mr P Makaniwa, Hilary Watkins, Heather Craig and Irene Hare.

2. Confirmation of proxies and nominees

Two proxies received from Mr WJE Schultz in favour of the Chairman and Mrs Heather Craig in favour of Moyra Roux.

Nominations were received from Dream Vacation Club appointing Weston Dickson, and Trafalgar/Flexi Club Property Holdings appointing Hedley Adams, Carol Wright, Mike O'Sullivan and George Miller.

3. Determination of quorum

The Chairman confirmed a quorum present and declared the meeting properly constituted.

4. Election of a person to chair the meeting, if necessary

Weston Dickson asked if any of the members had objections to him chairing the meeting. All were in favour that he continue, this was proposed by Carol Wright and seconded by Hedley Adams.

5. Presentation of proof of Notice of Meeting

The Chairman confirmed that the meeting notice had been circulated on the 2nd of August 2019, which is within the required period.

6. Approval of Agenda [Resolution One]

The agenda had been issued with the notice; no one had any objections to this. The agenda was approved.

7. Approval of the Minutes of the previous general meeting held on 29 August 2018 [Resolution Two]

A copy of the minutes was distributed with the AGM Pack. As there were no changes suggested from the floor, the minutes were approved and signed by the Chairman as a true reflection of the meeting.

8. Matters arising, if any [Resolution three}

- *The Managing Agent to start Chalk Board Specials* – GH confirmed that we have implemented this.
- *Installation of hooks in bathrooms for gowns and towels* – GH confirmed that all units have been attended to, should there be any missing he asked that the owners inform him of this.
- *DN to forward Mrs Jephtha's details to Darryn-Lee who deals with Timeshare sales* – DN confirmed that this has been done.

9. Consideration of the Trustees' Report

A copy of this report was included in the AGM Pack; The Chairman asked GH to give a slide show presentation rather than reading through the report.

- *Tourism Grading Council* - GH advised that the Resort has been re-graded by the Tourism Grading Council; Chalets 4 Star, Hotel & Timeshare 3 star.
- *Chalets Floor Refurbishment* – 8 Units floors have been redone with vinyl which looks good. Bedside carpets were purchased and placed next to the beds, and each chalet has 2 oil heaters.
- *Maintenance Underneath the Chalets* – A lot of progress has been made in this regard and by the pictures provided by GH, it is making a huge difference.
- *Walk-In Showers* – To date 13 chalets have been completed and have been well received.
- *Wi-Fi* – We have upgraded from an 8 meg Telkom line to a 50 meg MTN line.
- *DSTV* – Multi Choice has changed the “Hotel Bouquet” to the “Stay” package; this allows all our units to view 84 channels.
- *Lift Refurbishment* - The lift upgrade has been completed and looks good.
- *Golf Cart Refurbishment* – After the purchase of the second golf cart last year it was decided to refurbish the yellow golf cart; the cost relating to this amounted to R60, 941, excluding VAT.
- *Garden Suites* – We did some upgrades to our Garden Suites just below the Timeshare building.
- *Security* – We had two break-ins in the chalets during the month of June, with various other security issues experienced in and around Montagu; GH is looking at an outsourced service provider. Burglars were able to get through the razor wire installed on the perimeter fence at the chalets. A camera system has been installed at the back of the chalets, which has motion detection as well; if movement is detected by the camera system an e-mail is sent to GH warning of possible intrusion in the area.
- *Bathroom Refurbishment* – In February 2019 we refurbished the A-Type bathrooms on the 2nd, 3rd and 4th floor. We also re-tiled and re-painted the timeshare passages.
- *The Indoor Pool* – This remains to be a problem with there not being enough ventilation and water seeping through from the back of the Hotel.
- *Staff Canteen* – We built a new staff canteen which is being well utilized.
- *Food & Beverage Department* – We have introduced new menus for Room Service, Café and Cogmans. In Cogmans we have daily chalk board specials as well as new special theme menus. On Tuesdays we have curry evenings and Thursday nights we have Italian evenings. Our timeshare guests now all receive a 20% discount on breakfast. We are also looking at starting a Dinner B&B package, which is due to run in November.
- *Segway* – Due to unforeseen circumstances the Segway is no longer operating at Avalon as the company lost their main operator.

10. Insurance replacement values [Resolution Four]

The Chairman referred to page 3 of the financials for the insurance breakdown. The insured valued of the property is currently as follows:

• Buildings (Fire and allied perils)	– R 36, 581, 163
• Contents	– R 3, 482, 389
• Business Interruption (18 months with escalation)	– R 11, 863, 000
• Public Liability (applied to resort as a whole)	– R100, 000, 000
• Fidelity Guarantee	– R 2, 523, 000

11. Insurance [Resolution Five]

The Chairman informed that the extent of the insurance cover was included in the point above and asked if everybody was happy with this. All present was in agreement, and this was seconded by HA. HA also advised that it is a requirement of the act that valuations needs to be done every second year; GH has arranged that Mallac Hearle will be doing the valuation before the end of this year.

12. Budget for the year ending 28 February 2020 [Resolution Six]

The levy increase was 9.5%; A big portion is put aside to go towards the provision to future maintenance to prevent having to raise a special levy in the future.

As there were no comments or questions, the budget was approved, proposed by Mr Weston Dickson, and seconded by Mr Hedley Adams.

13. Presentation and approval of 10-year Maintenance and Replacement Plan [Resolution Seven]

In terms of the new Sectional Titles Act, the trustees are obliged to provide a 10-year plan so that items can be replaced and repaired. Nick Dickson explained that the plan highlights that we try to anticipate what maintenance needs to be done within the next 10 years. We then proportion it accordingly to the timing and useful life of the different assets within the property. The effective outcome is that we try to make sure that our reserve balance that we are transferring into the reserve fund is always sufficient to cover the expenses going forward with inflation.

We are planning to upgrade the pool area within the coming years; we will keep the owners informed of the progress made as currently we have only started with the design.

14. Financial Statements

The financial statements for year ending 28 February 2019 had been circulated with the notice. The Chairman referred all to page 29 of the AGM pack – Comparison of actual to budget; our expenses were below budget. Salary and Wages were down on budget and this makes up at least 50% of the levy costs. Electricity costs were down due to Energy Resource Optimisers that assist us in saving electricity. Budgeted figure for water was very high due to the drought in our area.

Referring to the balance sheet on page 21; the chairman is happy to advise that our reserves have increased from R777, 236 to R1, 158, 605.

As there were no queries from the floor, the AFS for YE 2019 were accepted by all present.

15. Appointment of Auditors and approval of their fee

This year we decided to get quotes from a few different auditors; quotes were received from BDO Cape Incorporate (our current auditors); C2M Accounting Services and Moore & Stephens Inc.

For the three entities the quotes came in at:

BDO Cape Inc. - R313, 000

C2M Accounting Services - R257, 000

Moore & Stephens Inc. - R220, 000

The greater saving in fees would be for Avalon Springs Hotel and the fees for the audits for both Bodies Corporate were similar from all three companies. The hotel will be appointing Moore & Stephens and the Chairman recommended that this Body Corporate also approve their appointment. All present agreed and this notion was seconded by Hedley Adams. Therefore, the appointment of Moore Stephens was approved.

16. Number of Trustees

No changes were suggested; therefore, it was approved that the number of trustees stays at seven.

17. Election of Trustees

The trustees advised that they are all prepared to stand again; as no new nominations were received, the re-election of Weston Dickson, Hedley Adams, George Miller, Michael O'Sullivan, Carol Wright, Moosa Lawrence and Ameen Amod was unanimously accepted.

18. Scheme Rules

The Chairman confirmed that no amendments were made to the scheme rules.

19. To give directions or impose restrictions on the Trustees

We currently have one restriction in place, which is that no Trustee can claim travel fees against the Body Corporate. No added restrictions had been placed on the Trustees and it was agreed that this situation should continue.

20. 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.

21. The financial year end of the Body Corporate

In terms of the new Act, the financial year runs from the first day of March to the last day of February of each year unless resolved otherwise by the Body Corporate in the general meeting. No changes were suggested.

22. General

- Mr Dawson queried the status of the lifts; GH advised that both lifts have been synchronized and with the upgrades done we are not experiencing any problems currently. We have a good service team at Otis, should there be any problems they come out the same day.
- We had a request that we add a bar area in JM Lounge; WD is in agreement with this and will see what can be done in this regard.
- Mr Mayer had a huge concern with regards to his F07 week that moved from May to August; ND explained that the calendar is based on an adjustable calendar terms and certain weeks have been demarcated in the use agreement to fit into the school holidays and particular seasons throughout the year. High peak weeks are slotted in first based on school holiday dates then the high weeks, then medium weeks and then only the flexi week. With the changes in the school holidays these past few years it has been difficult to slot in all the weeks. The owners most affected would be the ones that own the Flexi Weeks (F01 – F12) as these weeks are allocated lastly. WD advised that he is sure that DVC would be able to offer them a swop to a May week; they just need to contact Debbie.
- Mr Dawson requested that the Palm Trees please be trimmed or cut down.

A) POOL AREA DEVELOPMENT PROPOSAL

The Chairman handed the floor to Nick Dickson. Nick stated that he feels that all present can agree that our current pool area is looking very tired. A lot of consideration has been given to exactly what needs to happen. The pools layout initially was only for hotel guests; then we added the Timeshare apartments in the 1980's and then the Mountain Chalets in 2007, without taking into consideration that our pool area cannot accommodate all the guests. He feels that we have maintained it adequately but it has come to the end of its useful life. We have a responsibility to look after the "Natural Hot Springs" not only for Avalon but for the community as well; it is an important asset for Cape Town, Montagu and South Africa. With this said he started explaining that we enrolled the services of a number of architects and two were used collectively. We also appointed a Quantity Surveyor to advise what the costs to such a project would be. From a legal point we have not worked out all the figures yet; currently the pools are situated on the hotel erf and both Bodies Corporate have servitude rights to use the pools. There is some complexity in the servitude rights as to what is considered maintenance and what is considered improvements; if improvements are made, how do we preserve the access rights for the Mountain Chalets owners and how do we enable for all the parties to equally fund the project.

Nick referred all to the proposal that was circulated:

By redesigning the parking areas, the Architects have managed to improve the following:

- Increase the parking bays by 6 (currently have 119)
- Create an additional 580sqm of pool area space
- Improve the arrival experience at Avalon Springs

ENTRANCE & PARKING AREA

- Better access for Hotel guest and Day Visitors
- Split Timeshare entrance from Day Visitors entrance

POOL AREA DEVELOPMENT

- Significantly increase the Hotel/Timeshare areas
- Create separate entrances for Hotel/Timeshare guests and Day Visitor guests
- Increased the pool areas but maintain the same volume of water
- Create quieter zones for adults and separate play areas for kids

ROUGH CONCEPT:

OVERALL PLAN

New braai areas for timeshare guests

New multipurpose venue for kid's activities during the day, for adult functions at night

NEW INDOOR SWIMMING POOL

Brief given to architect:

- Make it feel like a mountain pool with natural finishes
- Create quieter adult sections and playful kid's sections
- Add water features to reduce the noise
- Celebrate the view of the mountains

COSTS

The proposal is to split the cost between all three entities based on historical foot traffic:

- Timeshare Body Corporate
- Mountain Chalets Body Corporate
- & Avalon Springs Hotel

- The costing from the Quantity Survey estimate the full upgrade to be **R28 million**

- Based on the cost split suggested this would equate to a 100% Special levy for the Timeshare and Mountain Chalets Bodies Corporate with the balance being paid by the hotel

TIMING

- To present concept ideas to owners in August 2019 AGM
- To develop the new indoor pool during 2020, so that Hotel guests and Timeshare owners will still have a pool to use during the main pool area construction in 2021
- To approve the full development and raise the special levy at the August 2020 AGM
- To start construction in May 2021 for completion in **December 2021**

OWNER DISCUSSION

- There were questions raised about the noise factor while owners are on holiday; ND advised that we would try and limit the noise and no construction will take place on Sundays, there will still be noise factors that we can do nothing about.
- There was a suggestion from the floor that we rather look at repairing the current pools and not demolish the entire area to re-build. ND advised that the existing buildings is the problem; should this be kept as is it would be difficult to increase the space for Hotel residents that is the major part of the plan.
- GH advised that the Island pool is sinking; with the repairs recently done to the Crocodile Pool it was noted that there is water underneath the surface of the pools which is causing the current problems with fibre glass lifting etc.
- There were concerns raised about the temperature of the water; GH advised that we are monitoring the water temperature daily and the underground water is affected by rainfall and the weather.

23. Conclusion of the meeting

The Chairman thanked Gavin Hatherley and the team for all their hard work, especially taking into consideration the high occupancy figures of late, commenting that it is not easy.

Chairman

Date

Matters Arising

GH	See that Insurance Valuation is done by Mallac Hearle
DN	Contact Vikki at DVC to arrange a swop for Mr Mayer – F07
GH	See that palm trees gets trimmed