

Avalon Springs Body Corporate

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

HELD ON 27 AUGUST 2014 AT 15H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, 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. The Chairman confirmed a quorum was present and accordingly the meeting was declared properly constituted. The Chairman, Mr Ross James, introduced his fellow trustees being Mr Hedley Adams from Club Leisure Group, Mr Weston Dickson and Mrs Di Gordon from Dream Vacation Club and Mr Moosa Lawrence.

2. Apologies

Apologies were received from Mr R Lipman, Mr A Garlick, Mr W Schultz, Mrs G Palmer, Mr & Mrs Heydenrych, Mrs Wium, Dr E Archer, Mr R Bruce, Mrs RM Craig, Mrs M Roux and Mr Van Der Vyver.

3. Approval of Annual General Meeting Minutes held 28 August 2013

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 Adams, and seconded by Mr Mayer.

4. The Chairman's Report

This report was not circulated with the notice. The Chairman read through his report for the year and the following points noted:

- The occupancy rates from March to June were 94%, 96%, 93% & 94%. According to RCI this makes the resort the most occupied resort in the Western Cape, and certainly the most popular in the country.
- The resort is now 25 years old. Despite having done a major refurbishment a year ago costing +/- R3 million, on-going maintenance is still required. It is the responsibility of the trustees to ensure the resort is in top condition. Due to the improvements done, the Body Corporate grading went up to three stars. This enables all owners to get more points when they bank with RCI.
- Dealing with the environment the Chairman feels that getting away from the city is a welcome opportunity to see nature at its best. Avalon Springs offers magnificent scenery, an opportunity to walk in the canyon, go cycling amongst the vineyards and the picturesque town of Montagu. He stressed that the resort would not be enjoying its current success without the able leadership of the current resort management and staff – many of whom have many years of service at Avalon Springs. There is a dedication to their duty, assisted by continued training and upgrading of the facility and the Managing Agent puts in a great deal of effort into the day to day running of the resort. The Chairman thanked them for all their hard work.
- All the above comes at a cost and it is the Trustees job to balance the needs of the resort, in terms of its ageing process, with that of levies and owners' ability to pay these. This is a delicate process and the Trustees consider all aspects in order to come to a realistic annual levy increase. The next budget meeting is scheduled for October to set the levy increase for 2015/16 year.
- The Trustees have a statutory fiduciary responsibility to the members of the Body Corporate, the Chairman confirmed that this is accepted by the trustees and they try to ensure that they conduct the affairs of the Body Corporate according to the objectives. Most of the trustees, having been on the board for a number of years, understand the implications of the resort and are also involved emotionally.
- Lastly the Chairman thanked his fellow trustees for their support during the year, and looks forward to the coming year, should they be re-elected.

5. Audited Annual Financial Statements for the year ended 28 February 2014

A full set of financials had been circulated with the notice. The Chairman thanked Nick Dickson and the financial team at Avalon for preparing the statements for audit. The Annual Financial statements were proposed by Mr Mayer, seconded by Mr Jaffe.

- Statement of changes in equity (Page 7)

The Chairman confirmed that we are not raising the levies to create a surplus every year. This is noticeable on the accumulated surplus at 1 March 2013 where we had a figure of R160, 000; In February 2014 this is zero. We have used this to absorb the deficit of operations and we have also reduced our provision for future maintenance marginally. The trustees are prepared to accept this because the resort was newly refurbished a year ago and obviously the necessity of prior year's replacements has fallen away. They will oversee this very carefully to ensure sufficient reserves are built up to meet future obligations.

As there were no other comments from the floor the Chairman confirmed that the meeting accepted and approved the Annual Financial Statements.

6. Forecast of Income and Expenditure of the year ending 28 February 2015

The budget schedule for year end 2015 was circulated with the notice. The Chairman advised that the accounts from March to June 2014, are currently operating at a small surplus. He hopes that we will be able to adhere to the budget as closely as possible. Always a concern is the staff costs; it has been disturbing that over the last few years we have generally overspent on our budget. The chairman stressed that this was largely because the budgeting process was wrong, and they take full responsibility for this as trustees. As there were no comments on the comparison of the budget 2015 against 2014 expectations, the budget was accepted. This was proposed by Mr Adams and seconded by Mr Mayer.

7. Insurance Replacement Values

A professional valuation was undertaken last year to ensure our expectations of future building costs were in line with our calculations. It was found that we were slightly under insured, and our insurance cover was adjusted accordingly to meet the requirements. We are now absolutely sure that we are properly insured at this state. 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) – R25 million
- Contents – R2.8 million
- Business Interruption (18 months with escalation) – R7.02 million
- Public Liability (applied to resort as a whole) – R50 million

8. Appointment of Auditors and approval of their fee

The auditors PKF Inc (Cape Town) has merged with 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. From the notice of the meeting it was evident that the trustees all resigned en masse. The Chairman confirmed that they can be nominated individually or they can be elected on bloc. As Mr Uphadey has not attended any of the trustees meetings for the last year, he was not considered for nomination going forward. The remaining 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 on bloc.

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 any special business had been received; the Chairman requested any comments from the floor:

- Mrs D Mann queried the amount of gowns that housekeeping is putting in the units, as she feels two is not enough when they are four adults. Andre Schoeman confirmed that we cannot put 4 gowns in all 4 sleepers, six gowns in all six sleepers & eight gowns in the eight sleepers as we simply do not have enough stock. He has however promised to look into the situation and going forward we will issue extra gowns on request from owners at no charge.
- Mrs D Mann felt a charge of R25.00 for a broken glass was exorbitant. What needs to be considered is that we order from Core Catering, and not Checkers as suggested by Mrs Mann. The replacement cost has to be taken into consideration as well as the transport/courier fees to get the replacement items at the resort. The Managing Agent will re-look these charges, to make sure all is in line with the replacement costs.
- Mrs Gunter sent a letter to the resort regarding the problem we have with the Dassies at the moment. She would like management to put up notices for guest not to feed the dassies. Andre's response was that we have re-located quite a few dassies in the second week of July and we do realize they are a nuisance and that we are doing everything possible to keep this problem under control.
- Mr B Pietersen raised the change from 6 sleepers to 4 sleepers. Mr Dickson confirmed that a survey was conducted; the end result was sent to all owners and added to the website as well. As we have done what we could in this regard the matter has been closed and going forward these units are four sleepers.
- Mr Wentzel wanted to know if he may occupy his unit with four adults. Mr Dickson confirmed that this can be done. Holiday Clubs only recommend to their clients that it is preferable for 2 adults and 2 children to use the units to avoid unnecessary wear and tear.
- Mr Pietersen requested a swop to unit 103.
- Mr R Mayer asked that the cupboard space in mock up rooms 102 & 103's is relooked at. As these were the original mock up rooms, the rest of the refurbished rooms cupboards were built differently. Andre confirmed that they will see that these cupboards are redone the same as the rest of the units.
- Mrs D'Aguanno from unit 103 raised the point that there is no space for the extra bedding and there is also no dressing table and no extra chairs in the unit. Andre will see that this gets sorted.
- The Chairman felt that the as the unit size change has now been debated three meetings in a row, he would like the matter closed.
- Mrs D Mann wants extra coffee mugs in the units, the trustees confirmed that this can be done. Andre to follow this through.
- Mr Beinart feels that there is no problem with the replacement charges as suggested by Mrs Mann. He stated that they have to take consideration the costs to replace the items as well as the transport/Courier costs.
- The Chairman tabled a point raised by administration, requesting all owners intending to attend future meetings to ensure they advise the resort of their intention to attend. We are under catered for today due to the fact that we only had 18 responses indicating that they will attend the AGM. This will also assist with the seating arrangements.

As all items on the Agenda had been attended to the meeting concluded at 15H55.

Chairman

Date