

Mountain Chalets Body Corporate

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

HELD ON 19 AUGUST 2015 AT 15H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, Weston Dickson, opened the meeting by extending a warm welcome to everybody present. He started off the meeting by introducing himself as the Chairman, and the rest of the trustees being Hedley Adams, Di Gordon and Dawood Esack. He also 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 Grant Ekermans, Russ Bee, Adiola Harnekar, Christopher Gorrah, Showket Rawoot, Alwyn Burger, Hidayet Rawoot, Marius & Helene Prins, Marcel Scharrighuisen and Derek Hubbard.

Proxy forms were received from Blanche & Edwin Hendricks appointing Mr & Mrs Schultz and Trafalgar Holiday Resorts appointing Mr HA Adams to vote on their behalf.

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 approved as a true reflection of the meeting. This was proposed by Mr HA Adams and seconded by Mr D Esack.

Matters Arising from AGM

Andre Schoeman did a survey on how the owners felt about the managing agent switching off the Jacuzzi's in winter months, or alternatively charging guest for the use thereof to save on electricity costs. We had feedback from three owners indicating that they would like to keep the Jacuzzi's as is. At times we are aware that there are problems keeping the Jacuzzi's warm, we have added the Hot Top Covers and added heat pumps as well. This is an ongoing problem, and the trustees are looking into a solution.

From an energy saving point of view, following the previous AGM we have disconnected the under floor heating in the bathrooms. As we had a few complaints regarding this, Andre will do some further investigations to see how this can be overcome.

4. The Trustees Report

This report was not circulated with the notice; however hard copies were available on arrival. The Chairman apologised that the report was not sent with the notice, and advised that a copy will be e-mailed to all owners after the meeting and added to the website. The Chairman highlighted the following points:

- Occupancy is very good, in the timeshare side we have 90% occupancy and in the chalets 84%.
- The Rental Pool has been producing a positive return throughout the year, which the Chairman stated is fantastic.
- 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.
- All units will be fitted with fire detection equipment, cost relating to this amounts to R220, 000.
- We have re-tiled some of the chalet patios, and have also started replacing carpets in certain units.
- The indoor pool has been enlarged & retilled, as well as the entire reception area.

- The toilets near the café have been upgraded and work is in process upgrading the entrance from the parking to reception, the access to the pools and the café.
- With the high electricity charges we have started replacing all lights with LED's; this should result in huge electricity savings going forward. The conversion will be complete by Mid-September. We have also recently done some upgrades to our Generator. Currently the Generator kicks on about five minutes after the power has gone off and the timeshare block gets electricity automatically. Then Deon manually switches over the Hotel side, followed by the Chalets.
- We have upgraded the telephone system at the resort, and all the cordless phones have been replaced in the chalets. We have also upgraded the Wi Fi.
- We have removed the gaming machines from John Montagu Bar, and this area is now suitable for kids.
- The Health Spa has been insourced and 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 August 2015.
- The net operating surplus, before transfer to reserves for future maintenance, of the body corporate, totalled R 374,709 against a budgeted surplus of R460, 482, a variance of R85, 773. The major adverse variances were electricity R29, 500 & staff costs R100, 136 and interest received R25, 000. Every effort is made to keep expenses low & within budget, while still maintaining the necessary service & delivery to our owners and guests.
- 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 the budget, the hotel will carry the difference.
- The reserves are low & as mentioned earlier it is the Trustee's intention to build these reserves up to an acceptable level.
- 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 163%, which relates to an above inflation increase of 23% in the levy which is more in line with industry standards.
- One item which we have not budgeted for this year is the replacement of the golf car. One of our cars has been deemed unsafe to transport guests, leaving us with only one car operational. Replacement costs for the Golf Car amounts to R95, 000. The Chairman advised that such unexpected costs do occur and are unavoidable. We will be purchasing a new car within the next few months, and ask that all owners be patient while we have only one car available.
- The Chairman thanked the staff involved for their hard work & dedication over the past year.

Mr Okkers wanted to know if there was any action taken following last year's AGM, to replace the bath in one bathroom with a shower. Andre confirmed that we have done chalet 603, and we have budgeted for more to be done next year.

Mrs Horburger expressed some concerns with regard to the exterior of the chalets. There is a crack at the Jacuzzi, the tiles leading up to the chalet are cracked, under the chalets you have the rubbish chute and overall it looks terrible. Her unit is currently up for sale, and she had an agent at the resort with interested buyers who were shocked at the state the chalets are in, not to mention the high levies. She informed Debbie that she is wants to sell her unit, should Dream Vacation Club be interested. She was also not very pleased with the offer as she originally paid R230,000 and the offer she received was R130, 000 and she feels this is a rip-off. The Chairman will relook the offer, and will be in contact with her. He also advised that all issues will be addressed.

Mr Okkers had a complaint relating to 2013 where his unit was put in the rental pool without his knowledge. He informed the Chairman that he faxed his authorisation form indicating that they will use the unit themselves for the weekend. According to Debbie from reservations she never received the authorisation form, and Mr Okkers did not phone to confirm if the fax was received. When his daughter arrived at the resort their unit was rented to someone else and the resort was fully booked. They had to book accommodation in town. He expressed his unhappiness and displeasure with the way this was handled. The Chairman offered Mr & Mrs Okkers a weekend at the resort as an apology.

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

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

Income Statement

- There was a net surplus of R374, 000 against the previous year's R204, 000 and against a budget of R460, 000

- Lozanne distributes the management accounts to the trustees on a monthly basis for them to go through.
- The Chairman also thanked all owners for paying their levies on time each year.
- Cash on hand at year end was just over R2 million. He indicated that the reserves are quite low just under R90, 000 and this should be closer to R1, million.

As there were no further comments or queries, the annual financial statements were approved. This was proposed by Mr Hedley Adams, seconded by Mr Dawood Esack

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

The levy increase was 23%; one of the major reasons for the high increase was to build up the reserves. We are continuously trying to keep levies as low as possible but at the same time to provide the service that guests wants. In comparing the levy, we are aware that while it is not the lowest, it is in line with a lot of other resorts.

As there were no comments or questions, the forecast of income & expenditure was approved, proposed by Mr Hedley Adams, seconded by Mr Dawood Esack.

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) – R47 million
- Contents – R5, 4 million
- Business Interruption (18 months with escalation) – R8, 6 million
- Public Liability (applied to resort as a whole) – R50 million

8. Appointment of Auditors and approval of their fee

The auditors are Grant Thornton; they are also the auditors for the Hotel & Timeshare 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

The trustees advised that they are all prepared to stand again; as no new nominations were received, the re-election of Weston Dickson, Di Gordon, Dawood Esack and Hedley Adams was unanimously accepted.

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; as there were no other comments or questions from the floor, the meeting was declared closed at 15:42.

Chairman

Date