

# Mountain Chalets Body Corporate

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

HELD ON 17 AUGUST 2016 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 informed the members that he appreciates the effort for all attending.

### 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 D. Esack, T.Bender, H. Rawoot, M. Scharrighuisen, A. Burger, M. Van Den Berg, N. Moses & A. Barkhan.

Proxy forms were received from Trafalgar Holiday Resorts (PTY) Ltd in favour of Hedley Adams and Hidden Riches (PTY) Ltd & Dream Vacation Club in favour of Weston Dickson and Di Gordon.

### 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 approved as a true reflection of the meeting. This was proposed by Mr H Adams and seconded by Mrs Di Gordon

### 4. The Trustees Report

This report was not circulated with the notice; however all points mentioned in the Newsletter that was circulated is also noted in the Trustees Report. The following points were highlighted by:

- Once again, occupancy at the resort was extremely high. The average occupancy was 87%.
- The rental pool continues producing good returns, with the most months reflecting a positive return.
- 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 belong and pay unionized fees for the whole year. This was rejected by the non-unionized staff, hence the strike. All other issues including percentage increase, 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 are continually trying to source local products to use in Cogman's. This uplifts the local community. Next time you use the facilities, please try one of our 40 something jams on offer, or our locally made Montagu Chutney range.
- 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 variety 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.
- All Chalets have been fitted with fire detection equipment.
- 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 telephone system has been upgraded and funds have been spent upgrading the Wi-Fi at the resort.
- The upgrading of the road from Ashton to Montagu is under construction and has not been too disruptive.
- The intention is to convert 4 baths into showers, based on the demand and request of our owners. The patio replacement is ongoing. Improvement of the underside of the Chalets is about to start. This will include the covering of the electrical and water pipes, which will also assist with the spar water temperature. The surrounding areas will be laid with dried fruit pips, which improve the general appearance.
- We currently have a huge problem with gowns, and we have placed an additional order for about R130, 000; this should arrive within the next week or two.
- The heating of the outside Spas during the winter is an on-going problem. Every effort is made to address this problem through heat pumps. We are looking into a proposal from Energy Optimizers where we will add a heat pump to each Jacuzzi. This comes with a huge cost; therefore more investigation will be done before any decision is taken.
- In conjunction with the above, we are also looking at an Energy Management System, which will automatically switch off one item, when another is being used eg. when the stove is switched on, the geyser will automatically be switched off.

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

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

### Income Statement

- The net operating surplus, before the transfer to reserves for future maintenance of the Mountain Chalets totalled R 1,307,098 (2015 - R374,709) against a budgeted surplus of R1,207,756 (2015 - 460,482), a variance of R102, 372
- The major adverse variances were cleaning materials and rates and taxes, all other variances were positive.
- Every effort is made to keep expenses low and within budget, while still maintaining the necessary service and delivery to our owners and guest.
- The Mountain Chalets has the benefit of sharing certain fixed costs with the Body Corporate and the Hotel. The levies outstanding are extremely low and we thank all owners for paying their levies on time. The reserves are low and as mentioned earlier it is the Trustee's intention to build these reserves up to an acceptable level.
- Total reserves – R437, 016 at the end of February 2016, and should increase to R600 000 to R700, 000 at year end 2017.

Seeing that there were no other queries on the AFS it was approved by all present. This notion was proposed by Mrs DI Gordon and seconded by Mr H Adams.

#### 6. Forecast of Income and Expenditure of the year ending 29 February 2017

The Budget meeting was held onsite, which also allowed the trustees to have a look at the Chalets. When the budget is drafted, there are some items that are only for the Body Corporate, and other charges which are shared between the three entities on a % basis. Each year the trustees go over the percentage splits, to see if they are still fair to all relevant parties. The levy increases were 10.5%; inflation is running at 6% - 8%; what should also be considered is the high costs of Salaries, Wages and Electricity.

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

#### 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)	– R52 590 863
• Contents	– R 5 586 093
• Business Interruption (18 months with escalation)	– R 9 788 293
• Public Liability (applied to resort as a whole)	– R50 000 000

#### 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 R25, 000 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. General

- Mr Okkers & Adams queried rental income for the HOG Rally Week; DN explained that the entire hotel is closed down from the Monday to the Thursday to prep for the Rally. For this reason they only received rental for 4 days. DN confirmed that she did give them the option to exchange their week or let it out to the HOG. As their payout was not good, going forward they will not put their unit in the pool for the HOG week again.
- Mr Okkenburg referred to the High Occupancy rates and queried whether it would not be an option to increase the rental charge per unit per night? ND advised that the with the 87% occupancy rate one should consider that there is also a timeshare element to be accounted for, as not the entire 87% is rentals. SE also advised that before we can increase the rates, we need to find a solution to the Jacuzzi temperature problem. Yes, there is a potential to get a higher rate, but we need to make sure that the product is right.
- Mr Okkenburg mentioned with the rolling calendar each owner should get a Christmas Week every ten years. He believes there must definitely be a flaw in the design, as he is in his tenth year, and to date he has never had a Christmas Week. DN has made a swop for him to have one, but he would like to bring it to the attention of the board that there is a flaw. Initially when the rolling calendar was introduced, the leap years were not taken into consideration. DN and WD will look into this, ND

- suggested we look at the contract and if there are amendments to be made because there was an error, we then put as a special item under rule 54, to be discussed and approved at the next AGM.
- Mr Okkers thanked DN for arranging a weekend for his daughter.

### 13. 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.

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Chairman

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Date