

Mountain Chalets Body Corporate

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF AVALON SPRINGS MOUNTAIN CHALET BODY CORPORATE HELD 21 AUGUST 2019 AT THE PENINSULA HOTEL, SEA POINT AT 16H00

1. Welcome & Apologies

The Chairman opened the meeting by welcoming all present. He introduced the team of Trustees being Hedley Adams, Di Gordon and Dawood Esack. 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 Mr Glenn Bee.

2. Confirmation of Proxies and Nominees

One proxy was receiving from Mr Glenn Bee appointing the Chairman.

Nominations were received from Dream Vacation Club, Hidden Riches (PTY) Ltd and Sandton Sales (PTY) Ltd appointing Weston Dickson; Trafalgar Holiday Resorts (PTY) Ltd appointing Hedley Adams.

3. Determination of Quorum

With Dream Vacation Club, Hidden Riches (PTY) Ltd and Sandton Sales (PTY) Ltd being represented by Weston Dickson & Di Gordon and Trafalgar Holiday Resorts (PTY) being represented by Hedley Adams the quorum is well over 60%; therefore, a quorum was present.

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 continues and this was seconded by Hedley Adams.

5. Presentation of Proof of Notice of Meeting

The Chairman confirmed that the notice had been circulated on the 2nd of August 2019, which was 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]

Oil Heaters/Electric Blankets – Gavin Hatherley advised that two oil heaters were purchased per chalet. The conversion of bath to showers in 607 & 608 were completed.

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.
- *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.
- *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.
- *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 events 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 52, 968, 121
• Contents	– R 6, 778, 657
• Business Interruption (18 months with escalation)	– R 14, 879, 000
• Public Liability (applied to resort as a whole)	– R100, 000, 000
• Fidelity Guarantee	– R 4, 356, 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 2019 [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 Hedley Adams, and seconded by Ms Di Gordon.

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 things can be replaced and repaired. Nick Dickson explained the plan highlights in that we try to anticipate what maintenance needs to be done within the next 10 years. We then proportion it according to the timing and useful life of the different assets within the property. The effective outcome is that we try to make sure that the reserve balance that we are transferring into the Reserve Fund is always sufficient to cover the expenses going forward, taking inflation into account.

14. Financial Statements

The financial statements for year ending 28 February 2019 had been circulated with the notice. The Chairman referred all to page 28 of the AGM pack – Comparison of actual to budget; the Chairman advised that monthly the set of accounts are e-mailed to all Trustees. Any variances are then explained and should

there have been anything out of the ordinary the Trustees will request the relevant explanation from the managing agents. Our expenditure for 2019 amounted to R7 038 536 against a budget of R7 284 191 showing a saving of R245, 655 which was allocated to the reserve fund. Our staff cost amounted to R3 225 448 against a budget of R3 259 245 which was pleasing to see that we came in under budget. Referring to the balance sheet on page 20 the Chairman referred to our "cash on hand" which increased from R3 664 667 to R4 459 910. The refurbishment reserve fund has gone up from R876, 255 to R1 236 633.

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 Body Corporates amounts 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

The Chairman advised that the number will be reduced from four to three Trustees.

17. Election of Trustees

Nominations were received from Hedley Adams and Dawood Esack. From Hidden Riches and Dream Vacation Club WD advised that only WD will be nominated as Trustee. Therefore, it would be Weston Dickson, Hedley Adams and Dawood Esack. Di Gordon informed the meeting that she did make herself available for nomination but the Chairman is not supporting her nomination. She thanked all present for the opportunity to have served as Trustee of the body corporate.

The re-election of Weston Dickson, Dawood Esack and Hedley Adams was unanimously accepted.

18. Scheme Rules

The Scheme Rules were drafted when the body corporate was established; the Chairman confirmed that no amendments were made to this.

19. To Give Directions or Impose Restrictions on the Trustees

To date no 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 as 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

A) POOL AREA DEVELOPMENT

The Chairman handed the floor to Nick Dickson, DHR Director. 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 engaged the services of a number of architects and two were used collectively. We also appointed a Quantity Surveyor to advise what the costs for such a project would be. From a legal point we have not worked out all the details yet; currently the pools are situated on the hotel erf and both Body Corporates 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 b **R28 million**

- Based on the cost split suggested this would equate to a 100% Special levy for the Timeshare and Mountain Chalets Body Corporates 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**

Chairman

Date

Matters Arising

GH	See that the insurance valuation are done by Mallac Hearle
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