

Mountain Chalets Body Corporate

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

HELD ON 27 AUGUST 2014 AT 12H00 AT THE PENINSULA HOTEL, 313 BEACH ROAD, SEA POINT

The Chairman, Weston Dickson, opened the meeting by extending a warm welcome to everybody present. All trustees were introduced being Mr Hedley Adams, Mr Dawood Esack & Mrs Di Gordon.

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 Dr Marius Prins. Proxy forms were received from Flexi Club appointing Mr HA Adams to vote on their behalf. Proxy was received from Mr & Mrs Hendricks appointing Mr & Mrs Schultz.

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 signed as a true reflection of the meeting. This was proposed by the Chairman, and seconded by Mr Esack.

4. The Chairman's 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. The Chairman highlighted the following points:

- The average occupancy was very high last year at 82%, which is incredible.
- Overall temperatures of the Jacuzzi's is still a concerning factor. During the summer months the temperatures are adequate; however we do get complaints during the winter months with an average temperature of 32°C with the inline heaters also running. The trustees proposed that Andre Schoeman draft a survey to all owners to get their feeling on the following two points: to switch off the Jacuzzi's entirely during winter or alternatively, charge owners for the use of the Jacuzzi's during the winter months. The reason for a charge is due to the high electricity demand, and additional heat pumps would be required to raise the temperature
- The Chairman asked all owners to bear in mind that the trustees try to keep levy costs as low as possible, but at the same time to maintain the resort in a decent state.
- There are two Golf Cars to transport guest to/from the chalets. A new one was purchased in March this year. Every effort is made to assist guests, especially on a Monday & Friday, and the Chairman requested guests to be patient with the golf-cart drivers.
- In response to a point raised at the previous AGM, where possible, all back door entries have been completed.
- In 2012 the Laundry burnt down, and this has now been rebuilt where the old Admin Office was situated.
- The rental pool has been doing very well, taking into consideration the occupancy rate. This is one of the few timeshare schemes where the rental pool return is positive, which is excellent.
- New shade cloth was added to the carports, the other problem we have currently is the Dassies in the parking area. The Chairman asked that guests do not feed them, as this causes more harm than good.
- Levy increase was 11% which sounds quite high, but the Chairman mentioned that the majority of this is Salaries & Wages and Electricity. We also introduced a provident fund for all staff members. Salary negotiations took place in June, and an 8.5% increase was approved from July 2014. The hotel discontinued staff meals and each employee now receives a R280.00 meal allowance per month.
- Reserves currently stand at R159, 000 which is very low. The chalets are ageing and we need to ensure these units are kept in exceptional condition. With the upcoming budget meeting, we will discuss how to build up these reserves.

- The first units that were built were 609 & 610. Recently we have redone the baths and re-carpeted both units.
- One apparent problem we have is that the tiles are starting to crack on the patio decks due to movement of the wooden structures. As CTM do not stock the tiles we used when the chalets were built, we had to replace to broken tiles with a similar tile. The Chairman asked that the owners please be patient as Andre Schoeman is looking into a feasible solution.
- The Health Spa, previously outsourced, has now been taken under the Management of the Hotel. We have also moved the duty managers from the top office, to reception. Archie will be moved down to the reception area as well.
- The Chairman thanked his fellow trustees for their input and assistance. He also thanked the resort staff and management for all their hard work done during the year.

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

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

Income Statement

- There was a net surplus of R204, 000 which was less than the budgeted amount of R316, 000. Mainly due to the provident fund not being budgeted for and Salaries & Wages being over budget.
- The savings in electricity is due to the appointment of Energy Resource Optimizers to assist with the savings on electricity as discussed at the previous AGM. We are also endeavouring to combine the electricity accounts for all three entities into one account, which should give a 10% saving.

Debtors

- The Chairman would like to thank all owners for paying their levies on time.

Mr Esack pointed out one mistake on page 2, under insurance where the date should be 2015 and not 2105. As there were no further comments or queries, the annual financial statements were approved. This was proposed by Mr Hedley Adams, seconded by Mrs Di Gordon

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

The budget for year end 2015 was circulated with the notice. The Chairman stressed the fact that we are very fortunate in having three entities - Mountain Chalets Body Corporate, Avalon Springs Body Corporate and Avalon Springs Hotel - all contributing towards fixed costs. The fixed costs are split by percentages per entity, and each year the percentage split is reviewed, to make sure that each entity's split are fair and correct. The next budget meeting is 29 October 2014, and the 10 year capex plan will be carefully scrutinised. As our buildings age, it is imperative that the quality and standard is kept. The budget has been in place from March 2014, and levy increase was set at 11%. 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:

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| • Buildings (Fire and allied perils) | – R42 million |
| • Contents | – R4.7 million |
| • Business Interruption (18 months with escalation) | – R7.5 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 & 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

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; the Chairman requested any comments from the floor:

- Mr Pakendorf thanked the Avalon Staff for their friendliness and efficiency.
- Mr Rawoot inquired about the weather, and if we had any flooding recently. The Chairman informed that to date no major flooding took place. With the river bed being kept clean by the Managing Agent nothing evident has been noticed.
- We currently have under floor heating in all rooms at the Chalets. The Energy Management Team has suggested that the under floor heating in the bathrooms be disconnected, which could lead to an electricity saving of 3 KW per unit. As we have limited capacity on our electricity, this will definitely help. The meeting confirmed that the managing agent may proceed to disconnect the bathrooms under floor heating. Should the owners feel at a later stage that they want this re-connected it can be done.

As all items on the Agenda had been attended to, the Chairman thanked his fellow Trustees for their input. He also thanked the owners who made time to attend on this cold winter day. The meeting concluded at 12H55.

Chairman

Date