

MUTUAL HEIGHTS BODY CORPORATE

SS 326/2005

**MINUTES OF THE THIRTEENTH SPECIAL ANNUAL GENERAL MEETING HELD ON WEDNESDAY,
18 JULY 2018 AT 18:00 IN THE GYMNASIUM, FIRST FLOOR, MUTUAL HEIGHTS, 14 DARLING
STREET, CAPE TOWN**

PRESENT: Mr A Bytheway – AB (Chairman)
Mr A Botha (Trustee) - AB
Mr P Raimondo (Trustee) - PR
Mr S Hudson (Trustee) – SH
and owners present in person or represented by proxy as per the attendance register

IN ATTENDANCE: Mr C Riddin (CR) & Ms K Kershoff (KK) – Representing the accounting firm, CRA
Ms L Cullen (LC), Mr C Larkan (CL) (Building Manager) and Ms E Rossouw (ER) –
Representing the Managing Agent, Property Exponents (PEX)

(a) CONFIRM PROXIES, NOMINEES & OTHER REPRESENTATIVES

- (1) All proxies, nominees and other persons were confirmed to be representing the members.
- (2) The members present agreed to the voting procedure whereby any owners objecting to a motion would raise their hand and state their unit number, which would be recorded as part of the minutes. If no objections were raised the motion would be taken as approved.
- (3) Apologies were recorded for those owners that had submitted proxies and the following formal apologies were noted:
Mr Mark Mallin
Ms Monica Lindh

(b) DETERMINE THE QUORUM

As 56 members were present in person or proxy representing 36% of the building, the meeting was deemed to be quorate and the Chairman welcomed all to the meeting.

(c) ELECT A CHAIRPERSON FOR THE MEETING

Prof. Andy Bytheway was elected to chair the meeting as the existing Chairman of the Body Corporate.

(d) PRESENT PROOF OF NOTICE

The members confirmed that the notice was sent out in accordance to the Act.

(e) APPROVE THE AGENDA

The agenda circulated to the members with the notice of the meeting was approved.

(f) MINUTES OF THE PREVIOUS AGM

The minutes of the previous Annual General Meeting held on 29 June 2017 having been circulated with the notice were taken as read and were approved and signed.

(g) UNFINISHED BUSINESS

- (1) CR advised that a valuation was done for the building as agreed to at the last AGM but was under review as concerns were raised on the replacement values.
- (2) No other business was raised by the members present.

(h) MEMBER / BOND HOLDER REQUEST

N/A

(i) N/A INAUGURAL MEETING

N/A

(j)

(i) TRUSTEES REPORT

- (1) The Chairman's report having been circulated with the notice pack was taken as read by all the owners and is incorporated below for ease of reference.
- (2) AB (Chairman) highlighted the following aspects from the report:
 - (2)(1) The damp proofing project is complete except for two units which are being dealt with. It was noted that it had been 10 years since the first letters were exchanged between the then Chairman and Old Mutual.
 - (2)(2) Renovations were underway in the building on the 8th floor.
 - (2)(2)(1) MM (U 401) advised that during the renovations to their unit in 2006 they were required to have additional security and requested whether this requirement applied to all owners.
 - (2)(2)(2) CL advised that security was only required at the back of the building for loading and unloading purposes. CR further confirmed that the requirements for each renovation are dependent on the nature of work to be done and are treated on a case by case basis.
 - (2)(3) The maintenance of the building is well maintained and is monitored on the website.
 - (2)(4) Water meters have been well received by the majority of members.
 - (2)(5) On the community side there is a perception about poor communication. Notices used to be printed and delivered to all units but are now on the website and any current news is flagged on the website.
 - (2)(6) Quality management needs to be in place. For this to be achieved we need to know what concerns tenants/ visitors and guests have about the building.
 - (2)(7) There has been an increase in short-term letting. Noted that the law requires owners to inform the management office, PEX, of their visitors and provide details of their guests.
- (3) AB (Chairman) ended the feedback on the report by welcoming the new Trustees and thanking the Trustees for all their efforts and energy. AB (Chairman) then presented feedback to the owners from the survey completed for the building as follows:

- (3)(1) Two significant issues were the lifts, whether to replace or refurbish, and uncertainty about the electricity meters. AB (Chairman) handed the floor to Mr Riddin to discuss the electricity meters.
 - (3)(1)(1) CR noted that the decision to install electricity meters was based on the same principle as the water meters. The benefit of smart meters being installed is the access to the App and other electronic information to monitor consumption and ensure that accurate readings are taken.
 - (3)(1)(2) CR advised that the Body Corporate ("BC") is charged for electricity regardless of the meters installed and that the BC would need to recover any electricity from a vendor. Vendors charge 15% for any electricity purchased.
 - (3)(1)(3) There are about 40 units in the building that are being underbilled for electricity and other owners are picking up this cost.
 - (3)(1)(4) The smart meters can be switched between post and prepaid at any time. It was further notes that the monthly fee would be R 50 per month opposed to the current fee of R 25.
 - (3)(1)(5) CR further noted that the cost based on the latest quote was R 3,800 per meter and that the proposal was to charge owners R 3,000 per month as a deposit.
 - (3)(1)(5)(1) NM (U 302&303) requested that the figures be shared with the owners for owners to understand the under-recovery. He further advised that R 50 was a high admin fee as meters can be manually read for R 10.
- (3)(2) AB (Chairman) proceeded to advised that concerns were raised about the gym and DSTV and that these were being dealt with. AB urged all owners to use the website and handed the floor on Mr Botha to report further on the comments made on the survey.
 - (3)(2)(1) AB advised that he was asked to report on the comments made on the survey and reported that the following concerns were raised:
 - (3)(2)(1)(1) Poor Management – comments were made on noise from the banking hall, lifts not working and dogs urinating in common areas. AB noted that the Trustees don't have the tools to penalize owners.
 - (3)(2)(1)(2) Security Issues had been raised. AB noted that the Trustees are looking at proposals for security.
 - (3)(2)(1)(3) Building Maintenance – Concerns raised about the lifts, condition of the gym equipment, cleanliness of common areas and the condition of the carpets and parkade flooring. The Trustees are working on these.
 - (3)(2)(1)(4) DSTV concerns – AB noted that the system is old and needs to be upgraded to run off the fibre system.
 - (3)(2)(1)(5) Lack of communication. AB advised that all information is available on the website and that owners need to use the facility. The Trustees are also looking at more effective means to communicate. Owners were asked to be more involved.

- (3)(2)(1)(6) Concierge – comments were made that the service is unnecessary and that only owners who are letting their units out should pay for the service. He further noted that the job description for Jose was available on the website.
- (3)(2)(1)(7) Future of the building – complaints were raised that there is no vision for the building. The Trustees are looking into this.



Mutual Heights Body Corporate

12th annual Chairman's report June 2018

Introduction

This report concerns the management of the building and the activities of your trustees for the period July 2017 to May 2018.

At the first meeting of trustees after the 2017 AGM on 22 June I was re-appointed chairperson. We then met as trustees five times:

- 18 July 2017
- 5 September 2017
- 21 November 2017
- 17 January 2018
- 12 April 2018

Composition of the Trustees

In the period of this report, your trustees have included:

- Andrew Bytheway (Chairman)
- Simon Hudson
- Jared Lamb
- Dave Linder
- Mark Mallin
- Sarah Ward

Dave Linder, Jared Lamb and Sarah Ward have resigned during the year; Peter Raimondo and Alex Botha were co-opted at the meeting on 12 April 2018. On your behalf, I thank all past and present trustees for their time and effort over the year.

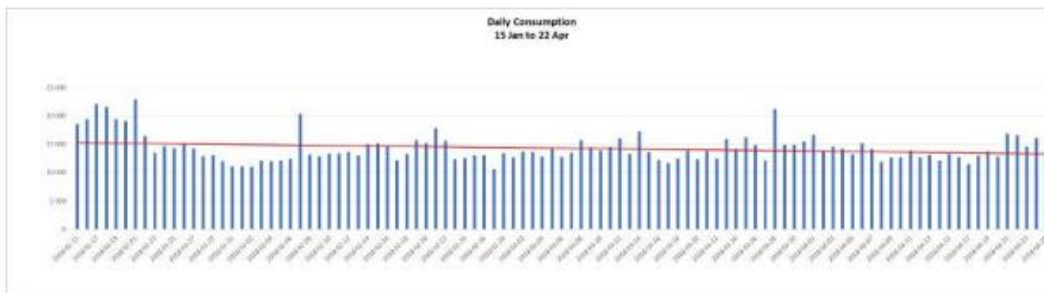
The fabric of the building

The Damp works

The damp proofing work on the exterior of the building is now essentially complete, more or less within the schedule and within the budget; issues that became evident during the main scope of work were dealt with by means of a small extension to the project. We have been fortunate to have the services of SkyRiders – David Evans and his team have worked well and are still our 'friends'; I often make a conversational point by asking how many people undertake substantial building and construction projects and are still on good terms with the contractor at the end of the project. Thank you, David.

Water management

So now we are confident that we can keep the water out of the building, what about maintaining the supply of municipal water within the building? I think I do not need to labour the regional problems with water supply in this report, but I would like to note that the internet water metering has been very well received and has surely helped us contain the demand for water from our building. The first 100 days of metering tell a happy story, beginning with a bumpy start:



Please continue to do everything you can to limit your usage of municipal water. Remember that there is water in the bin room that you can use to flush toilets and do your washing. I have not tried drinking it yet but I am told it is safe if boiled ... when we have had it tested for chemical and biological hazards we will tell you more!

Optical fibre infrastructure

After a period of uncertainty and delay the fibre is finally installed and has been well received by those who chose to upgrade. You only have to approach your regular Internet Service Provider and ask them – most of the big ones are already 'hooked in' and can make the final connection for you. There are different deals, and some offer free installation of the necessary gizmo in your apartment, so do check it out and let us know if you have questions.

Last week I heard from Dynacomm that they will be closing the service that they have provided over the last ten years. This means that the network cabling and switches that were installed for this service become redundant; if you have any ideas or suggestions how we could use them do let us know. The service is presented at the RJ45 network connection point in your apartment – it looks like a fat telephone socket but don't try and plug your land-line phone in, it won't work!

Routine maintenance management

Following the conclusion of our eight years of litigation about the damp, 'catch-up' has been proceeding within the building. Colin Larkan has worked the list of current maintenance items down to a handful - at the time of writing just seven are on the list. More than 330 maintenance tasks have been completed since the beginning of 2016 and Colin has issued 61 advisories on the web site; on everyone's behalf I have thanked Colin for his attention to detail, his persistence in dealing with dilatory service providers, and the excellent outcome.

Do remember you can go to the web site (<https://www.mutualheights.info>) any time that you want to see the status of maintenance tasks, or if you want to log on and submit a request for maintenance.

Community

Communications

During the period just two newsletters were circulated in the traditional way (by email) but there have been 21 'Notices' and 17 'News' items posted to the web site. Topics included water management, the appointment of our concierge (Jose), new features on the web site, the availability of the new fibre services, new store rooms, and the changing usage of the Banking Hall. In addition, 10 Community Reports were posted (from the community, via the office) dealing with behavioural problems and (in one case) applauding the security staff in dealing with an accident, and (as noted above) there are 61 maintenance 'advisories' that warn of issues such as the unreliable garage door and lift problems.

- **Notices** are important and concern the management of the building and the scheme.
- **News** is for information and is intended to be helpful.
- **Community notices** are the basis of our 'Quality Management' effort, providing a means to make complaints and to offer compliments.
- **Advisories** are for information and concern the state of the building.

These channels of communication are intended to ensure compliance with the requirements of the Sectional Titles Schemes Management Regulations (issued as a draft for comment on 2 October 2015).

Safety, Security & Services

Generally the management team continues to manage our service providers well, and the services are delivered well within the constraints of our budget, although there have been one or two moments of concern as well as moments of delight.

Please come to the meeting with any comments that you may have. We are particularly anxious to have feedback on the new concierge service, implemented with the assistance of Andre de Jager and Peter Raimondo. Jose works in parallel with security and we hope that the quality of the welcome for visitors (and others) has improved. Your comments and suggestions will be welcome.

Managing our community information

Last year I featured the work we have been doing on the web site. There has been progress but it is necessarily slow because it is not funded, but I have to acknowledge the patient help that I have had with data management from Estelle Rossouw in the office.

At present the database records include:

- 183 sections (that is unlikely to change much!),
- 432 people (owners, agents, tenants or visitors - going up steadily), and
- 380 involvements of those people (indicating how they are involved in different ways with different sections of the building, also going up steadily).

Also:

- 88 people have requested to join the community (mostly as short-stay visitors),
- 40 people have registered as users of the web site.

Public access includes notices, news, maintenance information, information specific to the community and information of general interest. In addition, registered users of the web site have access to

- their **personal profile** (including facilities to edit personal data and choices),
- data about all of the **sections** that they own or manage (including adding details of **short-stay visitors** and others requiring access to the section),
- data about the **entities** they represent (as nominees, or lawyers, and so on),
- requesting **maintenance**,
- submitting **community reports**, and
- placing **classified advertisements**.

This is largely justified by the pattern of increasing short-term occupancy that needs to be managed. As I said last year, our Conduct Rules and the Sectional Title Schemes Management Act put an obligation on all owners who have *people residing in their sections when they themselves are absent*. Such occupants must:

- be registered at the Management Office,
- be provided with a copy of our Conduct Rules, and
- acknowledge that they have read and understand our Conduct Rules.

This requires that those responsible for individual sections are identified and are provided with secure access to the web site, and the database that sits behind it. That means using identities and passwords ... go to the web site and choose "Log on" for more information.

To become a registered user of the web site (gaining access to the facilities listed above) you only need the email address you have on file with Property Exponents, and a password of your own choosing.

Store rooms

During the year Old Mutual finally disposed of odd sections of the building that they still owned, or that were of uncertain status. This has allowed us to identify about 15 areas that are now available as store rooms. They were advertised by email and on the web site, and there was an online 'auction'. Only two bids were received – so do just ask the office if you are interested in renting one of the spaces.

Looking forward

There are important projects in the offing. First and foremost, we are investigating the costs of replacing or refurbishing the lifts – this task is going to cost serious money and we need to be advised by you about that. We want to undertake a complete audit of the building, focused on the lifts but including all important aspects of the fabric of the building. We also want to survey all those involved with the building in order to set priorities for the future – this will include questions about how the building is managed and operated.

We still want the Mutual Building to be the best-managed sectional title building in the CBD (*if not in the whole country*) and we hope we are going in the right direction. You must tell us what you think.

Final words

I thanked my fellow trustees at the start, let me now once again thank Clint Riddin, Colin Larkan and all the staff who work in the background to keep the building working well. Kirk Odgers left the office at the turn of the year and our new Portfolio Manager is Leigh-Ann Cullen. I have thanked Kirk for his contribution and wished him well in the future.

On your behalf, I extend our collective thanks to the whole management team.

With warm regards,



Andy Bytheway,
Chairman of the Trustees, Mutual Heights, Cape Town.

NOTE: The new web site now has email facilities ending in '.info':

<http://www.mutualheights.info>

info@mutualheights.info

'info@mutualheights.net' will continue to function until further notice

Check out "Mutual Building" on Wikipedia:

https://en.wikipedia.org/wiki/Mutual_Building

(ii) APPROVAL OF THE SCHEDULE OF INSURANCE REPLACEMENT VALUES REFERRED TO IN RULE 23(3)1

- (1) The insurance replacement schedule having been circulated with the notice was tabled.
- (2) CR noted that the scheme was insured for R 386,581,387 in the previous year and is currently insured for R 425,431,831.
- (3) CR reminded owners that they need to take out additional insurance for any additions to their units and the cost for the increased premium would be added to the owner's levy account. CR noted that the owners will not be paid for the actual value if they do not have adequate cover. Any owners needing to increase their units value should contact the PEX office.

- (4) **Resolved**, that the schedules of insurance replacement values be approved.

(iii) DETERMINE THE EXTENT OF INSURANCE COVER IN TERMS OF RULES 23(6)2, (7)3 AND (8)4

- (1) CR noted that the body corporate has the following cover in place as they are obliged to have in terms of the new Act:
- (1)(1) Property Replacement Value of R 425,431,831
 - (1)(2) Money Cover (Cash) of R 20,000 - Noted that the BC rarely has cash on hand
 - (1)(3) Fidelity Cover of R 50,000
 - (1)(4) Additional Fidelity Cover of R 15,500,000 - Additional cover taken as the BC has in excess of R 12 million in their account
 - (1)(5) Liability Cover of R 100,000,000
 - (1)(6) Trustee Cover of R 10,000,000
 - (1)(7) Employees Cover of R 20,000,000
- (2) **Resolved**, that the extent of insurance cover is sufficient.

(iv) APPROVE THE INCOME AND EXPENDITURE FOR THE NEXT FINANCIAL YEAR

- (1) The proposed budget having been circulated with the notice was tabled for discussion.
- (2) SH advised owners that the budget was for the year ending February 2019 and had been in operation since March 2018. SH proceeded to take owners through the budget and noted the following:
- (2)(1) The total expenses budgeted were R 7,797,359. The main difference to the previous year were:
 - (2)(1)(1) The municipal charges have been increased by 12% to 15%
 - (2)(1)(2) Damp proofing for the year was only R 150,000 compared to the previous year of R 8,30,595 as the project was complete
 - (2)(1)(3) R 100,000 had been included purely for maintenance to the lifts
 - (2)(1)(4) Insurance increased by 10% due to the high claim raise in the building
 - (2)(1)(5) Salaries had increased due to the concierge service
 - (2)(1)(6) There was a big variance for meter reading as the previous year did not include a full year of expenses
 - (2)(2) The total income was R 8,185,128 and the main variances were:
 - (2)(2)(1) Interest received was less as the BC had less funds
 - (2)(2)(2) A maintenance fund levy was introduced as is required in terms of the act
 - (2)(3) There was an unwanted tax expense of R 264,937 for tax based on the interest received which is the cost of having funds available in the bank.
- (3) **Resolved**, that the budget was approved.

(v) CONSIDER THE ANNUAL FINANCIAL STATEMENTS

- (1) CR advised that the Trustees have a duty to present audited, signed financial statements, which were circulated with the notice. No written queries had been received from the owners.

- (2) Owners will note that the audit report is more extensive due to the requirements of the new Act. An emphasis of matter was raised as there are no tests the auditors can perform to give the assurance required per the Act the scheme is compliant.
- (3) CR noted that the reserve position had decreased from R 18,701,500 to R 11,669,566 due to the damp proofing project and that the funds held in the bank were R 13,362,043.
- (4) CR reported that the levy arrears have stabilized and that there is only one major arrear amount which has been handed over for collection.

(vi) APPOINT AN AUDITOR

- (1) CR informed the owners that IRBA has classified a BC as a high-risk audit which will result in further tests being required from the audit fees. This will result in higher fees being charged and the auditors believe the increase will be about 25%.
- (2) NM (U 302&303) requested that proposals be obtained for the next meeting for the costs to be considered.
- (3) **Resolved**, to reappoint Messrs Cecil Kilpin & Co for the ensuing year.

(vii) DETERMINE THE NUMBER OF TRUSTEES

Agreed to have 5 Trustees as the current Trustees had all agreed to make themselves available for re-election and AB (Chairman) had been nominated by an owner.

(viii) ELECTION OF THE TRUSTEES

The following Trustees were elected for the ensuing year:

Prof. A Bytheway
Mr S Hudson
Mr A Both
Mr P Raimondo
Mr M Mallin

(k) REPORT ON THE LODGEMENT OF ANY AMENDMENTS TO THE SCHEMES RULES

N/A

(l) DEAL WITH ANY NEW OF FURTHER BUSINESS

(1) Branding of the building

- (1)(1) PR advised that he had met with designers to develop and brand the building. The feedback he received was that the heart of the building is the banking hall and that the space would be needed to be controlled by the BC to add value to the building. A meeting was held with the owner to look at the possibility of a joint venture, but the owner advise that he is interested in selling the unit completely. The Trustees needed to know if the owners would be interested in pursuing the acquisition of the banking hall.
- (1)(2) PR informed the owners that there are numerous ideas for the banking hall and that the main issue is that the BC will have no say if the banking hall is sold on the open market.
- (1)(3) The owners present at the meeting agreed that the Trustees should investigate the matter further.

(2) **Security**

- (2)(1) MM (U 401) noted a concern regarding the vagrants and number of attacks around the building.
- (2)(2) PR noted that the Trustees were looking at security options and the possibility of creating a prescient with neighboring properties to push the crime and grime out. CCID had been sent letters demanding services to the area as the BC is contributing roughly R 500,000 per annum.

(3) **Parking**

- (3)(1) AB (Chairman) informed the owners that complaints were received as there are big cars, which do not fit in the small bays, which are causing an inconvenience to other owners.
- (3)(2) AB (Chairman) noted that any projection over the white line is not allowed and that the responsible owners will be contacted.
- (3)(3) CR advised that PEX would e-mail the owners and try to reach an agreement whereby owners would agree to swop bays for the bigger cars to use the bigger bays. If no agreement can be reached owners will be notified to remove their vehicles and we may need to approach CSOS to give a direction in this regard.
- (3)(4) SW (U 11) advised that she would be willing to swop as the bays at the Adderley are big.

(4) **Maintenance**

- (4)(1) TR (U 306) reported a large amount of dust in the atrium since the waterproofing project.
- (4)(2) AB (Chairman) asked the owner to log the complaints on the website.

(5) **Pet Issues**

- (5)(1) AB reported that there have been numerous complaints regarding dogs urinating and defecating in common areas. Owners are urged to inform management if they see any issues.
- (5)(2) CR further noted that pet owners need to peer pressure other pet owners. Due to the complaints received further pet allowances may not be given and all pet owners will be penalized for the actions of a few.

(m) GIVE DIRECTIONS OR IMPOSE RESTRICTIONS REFERRED TO IN SECTION 7(1)7 OF THE ACT

Resolved, that no directions be given, nor any restrictions be placed on the Trustees, who are authorized to carry out their duties and functions in terms of the Act.

(n) DEAL WITH ANY SPECIAL BUSINESS

(i) Adoption of a Unanimous Resolution authorizing the amendment to the Management Rules, which creates a rule regulating penalty to be implemented in the case that the management or conduct rules are breached

- (1) AB (Chairman) noted that a vote could not be done as the meeting was not quorate to vote. CR informed owners that the meeting would require a quorum of 80% of the owners

for resolution to be voted on. As this was not the case a proposal was put forward to vote by round robin. CR further noted that the rule was in the best interest of the scheme and the rule was proposed as a management rule as it deals with financial aspect in terms of charging the owners levy accounts.

- (2) NM (U 302&303) suggested that the rule be added to the conduct rules as opposed to the management rules. This would be easier to then change in a few years if needed.
- (3) CR responded that the drawback to having a conduct rule created was that it could be changed easily.
- (4) NM (U 302&303) objected to the rule being created as a management rule.
- (5) Agreed that the resolution would be changed to create a conduct rule and that owners would be requested to vote via round robin.

(o) CLOSURE

There being no further business, the owners were thanked for their attendance and the meeting ended at 20:24.

DATE

SIGNED (CHAIRMAN)

SIGNED (TRUSTEE)