

The Mutual Heights Body Corporate

Sixth annual report from the Chairman of the Trustees

June 2011

This report concerns the management of the building and the activities of your trustees for the period July 2010 to June 2011.

Four meetings of the Trustees were held in that period, the first immediately after the AGM (on 30 July 2009), at which I was re-appointed chairperson. A significant number of other ad-hoc meetings have been held in order to progress specific aspects of our business, some of them with lawyers, some with the construction industry.

Composition of the Trustees

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

Andrew Bytheway (Chairman)

David Falck

Simon Hudson

Susan Lieberman

Paul Rippon

Jonas Thulin

Dion Williamson

I would like to express my appreciation of the time and effort that trustees and the task-force members have put in, for everybody's benefit. It has been a very busy year for some of us.

A special word of thanks must go to Paul Rippon, who tells me he will be standing down this year pending a return to Europe. He was of course the first chairman, and his legal experience has been invaluable in navigating through a variety of legal difficulties, not least the claim for the damp proofing that was not done properly in the first place. Paul, we wish you and Anna Marie all the best, and trust that we will still see you from time to time; thanks for your extensive contribution to the community.

David Falck (trustee representing the Old Mutual) has handed over to Andre Williams who we welcome to the trustees.

Financial matters

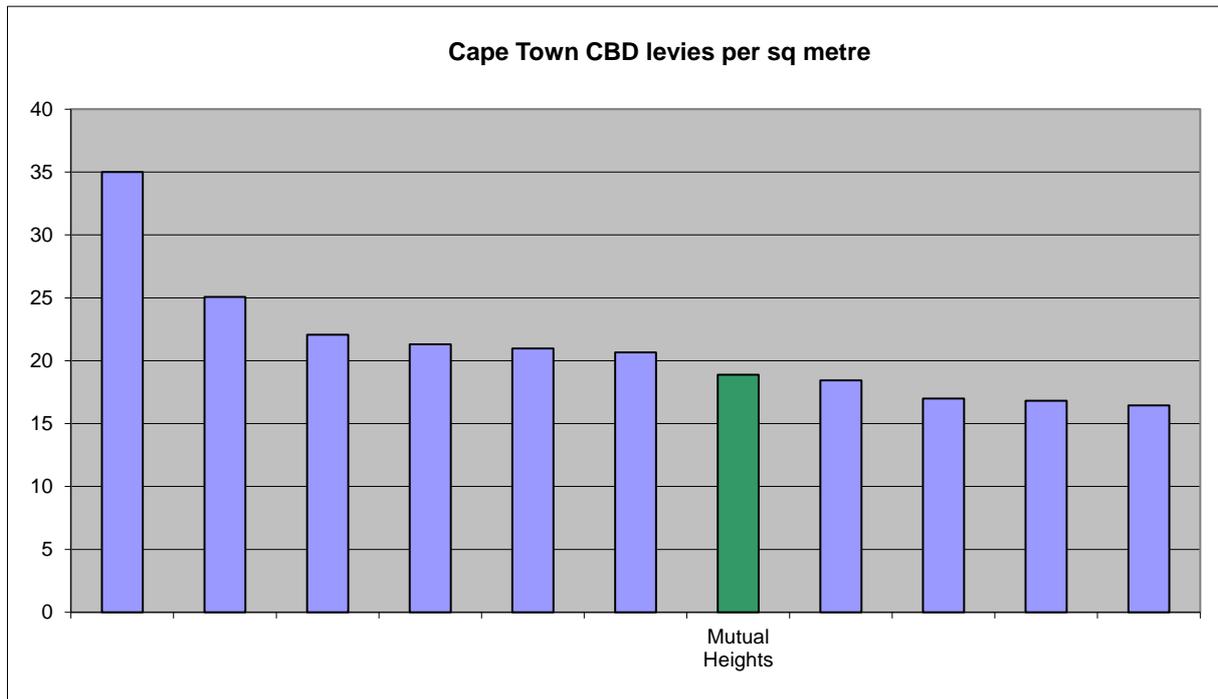
As always, the financial reports are available elsewhere in the meeting papers, and it is not necessary to dwell on the details here. This year the levy increase is again substantially higher than any of us might have wished, but the reasons are the same as they were two years ago: the majority of our costs are essentially fixed and determined externally (rates, electricity, water, and so on) and there is no way of reducing them. We have therefore accounted for the dramatic increase in electricity and other non-negotiable items, and applied inflation-related increases to other items (except in one or two cases).

The presentation of the accounts will provide an opportunity to look these details over. We still face uncertainty about the valuation settlement with the City authorities but we have paid up all that was demanded under the disputed valuation, and we await the outcome of the appeal. It may be (if we succeed) that we get a rebate.

In the coming year, we need to make a concerted effort to address any aspect of our expenditure that is within our control, and the first step has been to commission an expert study of our *energy management* – more on this below. At the time of writing this is in hand, and we expect to have the analysis and recommendations before the AGM takes place.

Before leaving the topic of financial matters, I want to address one commonly expressed view, that our levies are simply too high and that this even affects the sales potential relative to other properties in the CBD.

We have undertaken an analysis of levies (per square metre) in comparable buildings in the city centre, with the result that we find we are actually *just under 12% below* the average:



I hope you will find this result re-assuring, and even useful should you be trying to rent out or even sell your property.

The building

Internet service

You will be aware that the nature of the internet service has changed, so that you now buy "bundles" of data for market-related prices rather than paying on a monthly basis with unlimited data. The cost of a bundle might look more than that from other providers, but you must bear in mind ALL the costs – in the building there is no telephone line rental, there is no modem to buy, and you have the convenience of data that does not "expire" at the end of the month.

There were some teething problems, but things seem to have settled down now. You should be finding that this is very much more convenient when you have "short lets", that was one of the primary intended benefits.

However, you must now understand that the contract for internet service is between the user and Dynacomm – the body corporate is not now directly involved in any way.

Satellite TV service

The service was upgraded during the year to provide high definition pictures. I heard nothing about this, so I guess it is working well? I hope so.

Damp penetration

The first phase of the work on the damp problems has been completed. Seriously-affected sections of the upper elevation of the Longmarket side have been dealt with, and we await the testing winter weather in order to be sure that the work has succeeded. We have had a good working relationship with the contractor and the consulting waterproofing expert, both of whom have been diligent in keeping us informed and who now await further instructions.

Owners and occupiers must inform us as soon as there are signs of unacceptable damp. We surveyed the situation previously (and this has guided us as to what work to do, when, and where) and we are considering running another survey in order to make sure we understand any changes of situation.

As I said last year, my personal opinion is that there is probably a 40-year cycle of work that will be needed on the exterior of the building. We need to plan for a steady rate of expenditure on the fabric of the building that is sustainable. We still hope to find a new "tenant" for the wall space that currently has the "Old Mutual". We have been seeking such a tenant, but at the time of writing there is nothing to report. Any ideas as to prospective advertisers would be welcome.

Energy survey

We have commissioned a full survey of energy usage, that should encompass all the principle usage of electricity and the complex question of tariffs. One idea that has been put forward is to recommend owners fit timers to all geysers – the continuous heating of water is of course one of the principal consumers of electricity. We are happy to get quotations for "bulk" installation for all interested owners, let us know if you are interested.

The Banking Hall

During the year there have been meetings about the use of the Banking Hall – a glorious space that is not generally used, except sporadically for film shoots. Although it is still owned by the Old Mutual, they willingly agreed to a meeting of all interested parties, and the meeting took place. Many ideas were floated, and we hope to have a report back from those involved at the AGM.

Legal process

The legal process is moving slowly, principally (at the moment) because of arguments on the "other side" – the developers and the principal contractors are attempting to bring in the subcontractors who actually did much of the damp-proofing work.

We are anxious, of course, not to spend unnecessarily on legal fees at this stage, and it may be that the next stage is to sit around a table with the defendants and try to negotiate an agreement.

We will continue to keep you informed.

Community

There was no party this year, just one reflection of our concern about costs!

A question

Do you have a problem with handing over keys when occupation of your unit changes? We have had that, when our tenants have to catch a 6am flight and when there is nowhere to stash the keys safely pending a more civilised time of day to collect them. You will be aware that the security staff are NOT allowed to hold keys, and the management office is unable to do so because of opening times.

An idea has been put forward to have small electronic "safes" fitted outside the management office, rather like you would find in a hotel room, that can be used on a similar basis for this purpose. You (or your tenant) would drop the keys off, pass on the code, and then get on with your business. The office would have a master code, so that any abuse of the system could be managed and so that forgotten codes could be dealt with.

Think about it, let us know if you would be assisted by such a service. It would not be expensive to implement and it might solve a recurring problem.

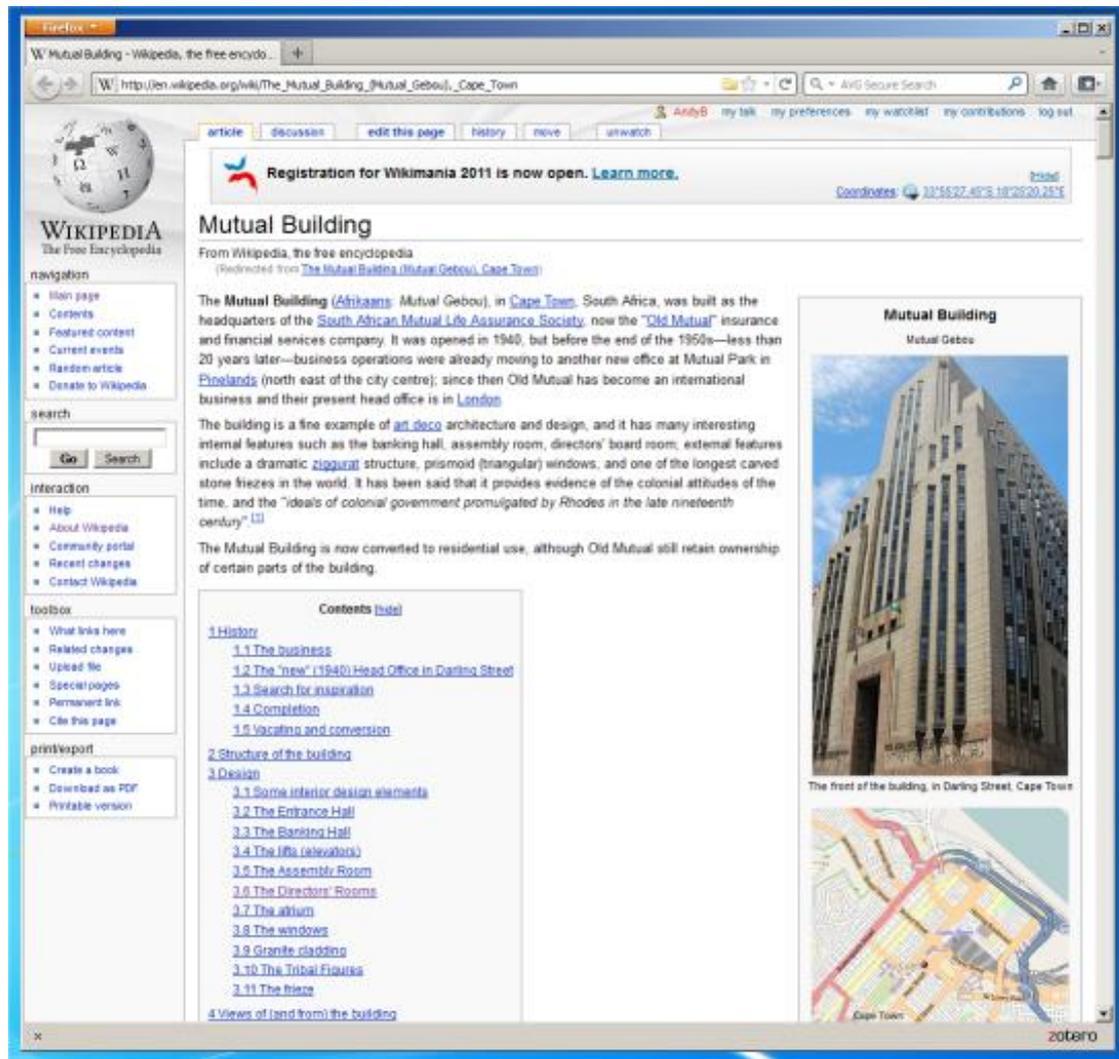
Communications

To my great surprise, I find that I have circulated only ONE newsletter this year, but perhaps this is because of the time that has been necessary dealing with the damp works. It has certainly seemed like a very busy year, but hasn't it flown by? I am sorry if you feel you have not been informed this year.

However, on perusing my email folders I find there has been plenty of communication about specific issues. I continue to keep the web site up to date, I see that there were six significant updates last year. If you need to get an update on what is going on, you must always remember to go there first:

<http://www.mutualheights.net>

My summer project this year was to develop a Wikipedia page about the Mutual Building (I still dislike the sobriquet "Mutual Heights", so forgive me if I insist on using the *proper* name of the building, as clearly stated on its outside!). It involved a great deal of research, but most of the available sources have now been sieved for their useful content and the extensive content on Wikipedia really is quite encyclopaedic!



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

will get you there, or just enter "Mutual Building" (capital letters) in the Wikipedia search box. I think that the information there will help to convince family, friends (and prospective tenants!) that this really is an exceptional building. If you have something to add, and you are feeling brave, you can of course edit the Wikipedia text yourself (but I, and others, are watching!).

Safety, Security & Services

Services seem to be going well, Do *please* let us know if you have any concern or comment about services. We are fortunate that the management team is very pro-active, but if they do not know about a problem they cannot do anything about it. And they cannot be at all places at all times ...

One important aspect of services is the fire detection system, and the evacuation procedure. There was a test "fire drill" during the year, that has revealed problems with the fire detection system that need to be dealt with. We are addressing this now, and are giving it a high priority. In the meantime, do make sure that you know where your nearest fire exit is, the signage is in place and the fire doors have now all been serviced.

Filming and road works: noise and nuisance

Every year there seems to be even more filming activity in the city, and some of us would say that Denzel ("Safe House") Washington now has a lot to answer for. Basically, we are **not** convinced that the city authorities are taking the promised steps to make sure that we are informed, and that the needs of city centre residents are taken properly into account when issuing certificates. A very small number of residents have undertaken extensive correspondence with the city, but the frustrations are considerable. I think we have a new ward councillor now, perhaps that will make a difference? The only answer seems to be to keep up the continuous pressure so that things do not get worse.

Final words

I thanked my fellow trustees at the start, let me now thank Charles Keefer and his staff for their excellent service. On your behalf, please let me extend our thanks to the whole management team.

With warm regards,
on behalf of the Trustees,

A handwritten signature in black ink that reads "Andy Bytheway". The signature is written in a cursive style with a long horizontal stroke extending to the right.

(Professor) Andy Bytheway,
Chairman of the Trustees, Mutual Heights, Cape Town.
info@mutualheights.net