

MINUTES OF THE ANNUAL GENERAL MEETING OF KNIGHTSBRIDGE MANSIONS BODY CORPORATE HELD AT WINCHESTER MANSIONS, 221 BEACH ROAD, SEA POINT, ON 7 JULY 2016 at 18H00

PRESENT : As per the attendance register

APOLOGIES : As per the attendance register

ATTENDING : Fiona Dimio (IHFM)
Ryan Thotharam (BBM)

There being a quorum present the meeting commenced.

1. Welcome

Kim Steenkamp welcomed all present and thanked owners for their attendance.

Ryan Thotharam introduced himself to all owners advising that he was from the Body Corporates' attorney and was in attendance to respond to query in respect to legal and sectional title matters.

There being no objections Kim Steenkamp asked that Fiona Dimio from IHFM chair the meeting.

2. Confirmation of the minutes of the Annual General Meeting held on 27 July 2015

The minutes have been distributed to all owners were accepted as read and unanimously adopted

3. Consideration and confirmation of the Chairperson's report

The report have been distributed to all owners was accepted as tabled.

4. The consideration of the Audited Financial Statements for the period ending December 2015

Following the discussions below the AFS for the period December 2015 was unanimously accepted as tabled.

Ed West presented and explained the AFS for the period ending 2015 to members present.

He advised that the actual vs the budget for the period under review was in fact very close and the variance was in the region of 1% despite the "anonymous" email a "certain owner" had sent out stating that the current trustees were not running the finances of the building properly.

Discussions re the AFS Dec 2015 were held which comments are reflected hereunder in point form :

- Accounting / Audit / Lift / Security – these items can be budgeted accurately as they are "regular payments.
- Maintenance expenditure is not necessarily easy to assess and there are often sudden and unforeseen emergencies. The Trustees base the maintenance on the previous year expenditure and try their best to ensure that preventative maintenance is continued throughout the year but it is not always possible.
- City of Cape Town / Utilities - Owners were advised that the BC run the risk of incurring penalties for excessive water usage due to the fact that certain owners were not making any attempt to reduce water usage.

- EW commented that 2 owners in particular had over used water, one owner continuously overwatering their balcony one of many times for a period of 5 hours!.
- The renovations that were done (major) had incurred some additional unforeseen expenses :
- Additional cost had to be incurred re full primer as opposed to spot primer as when the complex had been high pressure hosed it was only then that the extent of the lack of maintenance over the previous past 12 years could be seen. The cost of the full primer was paid for from BC funds.
- Legal Matters - certain owners queried legal costs - Ryan from BBM responded in this regard :
 - o R30 000 Settlement to BC from Durst / Barick - A settlement had been reached in the amount of R 30 000 which matter referred to the former trustees (Durst & Barick) re the investigation that the current trustees had done in respect to certain expenditure/reimbursement whilst they had been Trustees.
 - o Fevrier / Crystal – Ingress of water from unit 404 causing resultant damage to unit 304 – in this instance of legal costs Ryan advised that allowance had been made re the recovery of legal costs from Fevrier.
 - o 503/504 – Ingress of water – arbitration complete, repairs in the process of being attended to

Owners were advised that in the event of a dispute between sections the following procedure needs to apply prior to the BC becoming involved on their behalf :

Members attempt to resolve legal issues between themselves, and once this is no longer possible and they have no success, the Trustees are then obliged to assist, and this is what occurred in the legal battles which were ongoing. Members referred to Section 44(1) of Sectional Titles Act read with Management Rule 70 which states that failure by an owner to maintain their section in a good state of repair, after 30 days' notice to remedy such, the Body Corporate shall be entitled to take remedial action. A communication trail is required to prove that all attempts have been made by the individual member to resolve the issue. Body Corporate shall not assist legally where member owes arrear levies. Each case assessed on its own merit.

- o Issue raised regarding limits on legal fees incurred by the Body Corporate going forward. Members are to be informed, and have always been informed, of potential costs of legal fees prior to action being taken.

It is hereby recorded that Eric Niedermayr voiced his opinion in respect to the un-cooperative manner in which Barick and Durst 503 have reacted when being asked to attend / respond to certain requests. Eric spoke directly to Messrs Barick and Durst at the meeting and advised them that if they have in fact been the direct cause of the Body Corporate having to incur legal costs as they have been less than accommodating in attending to matters which are in fact their responsibility such as the balcony. He went on to state that he will not let the matter rest and has every intention of doing whatever is possible to ensure that Barick and Durst pay back "every cent" that the Body Corporate have had to pay on legal costs "just because they (Barick/Durst) have had no consideration nor conscience in their actions and he (Eric) feels that they have been solely responsible for unnecessary costs that have had to be incurred. Eric also mentioned that they should have done the right thing and fixed their balcony he said that 15 years ago he told them to fix the roof and they did nothing!.

5. The approval with or without amendment of the Insurance Replacement Schedule

The insurance replacement values were unanimously approved by all members in person or represented by proxy. Owners were reminded that they could, at any time, increase the sum insured for their unit in the event that they felt that their replacement value was not what they felt was adequate. Any additional premium would be for owners account.

A brief discussion ensued in respect to the following :

- Consideration to be given to obtaining a valuation – no valuation. The estimated cost of a valuation would be in the region of R10 000- R15 000.
- Owners were advised that due to a certain owner overflowing her bathwater (Carol Falk 501) 3 times that this had impacted on the claims history and annual premium. The Current insurance premium is R 80 000 per annum as a result of the claims history

It was raised whether a new insurance company could be approached, however this is not possible as the building is currently too high of a risk. Brokers have declined and this is why the current insurer is the only viable option. Claim ratio is 334%.

It was suggested that the Trustees / Body Corporate give consideration to imposing a R 10 000 excess of any claims (water related/flood) to be imposed on those individuals that are negligent. This would be given consideration by the Trustees.

6. Income and Expenditure – Budget for the period Jan 2016 – Dec 2016

The proposed estimate of income and expenditure for the financial year-ending 2016 was unanimously approved with a 10% levy increase which increase is to be backdated to January 2016.

A brief discussion ensued in respect to projected expenses :

- Insurance.
- City Council penalty for excessive water usage. Issue raised regarding plumbers and possibility of overcharging. It was requested that this be monitored.
- Maintenance:
 - Windows which need replacing.
 - Issue raised regarding current contractors used – decided that it is better to stay with one contractor as this creates continuity, and is easier for purposes of compliance certificates.
 - Security had a bar heater. This cost money. Panel heater proposed.
 - Storage levy – this information will be provided. Breakdown of income will be requested.

7. The appointment of an auditor or accounting officer

Cecil Kilpin – it was agreed that the services of Cecil Kilpin be retained

8. The determination of the number of Trustees for the ensuing year

Agreed that there would be 5 Trustees

9. The Election of Trustees for the ensuing year

The following nominations were received :

Kim Steenkamp
Ed West
Leslie McKenzie
Phillip Lourandos
Eric Niedermayr
Stephen Barick
Michael Durst

The Chairman of the meeting (Fiona Dimio – IHFM) advise that as there were 7 nominations that owners would be request to vote. FD further requested that Stephen Barick retract his nomination as it was felt that as the City of Cape Town had imposed a fine of R 1500 and had a criminal charge against him in respect to building violations and it would not be appropriate for him to stand as election. Mr Barick advised that he would withdraw his nomination and would not persue the matter any further.

The vote was held through ballot papers allocated according to PQ schedule and proxy ballots given to those who hold those proxies.

It is recorded that Ryan Thoratham and Kelly Kowalski from BBM counted and verified the votes.

Final Voting Tally:

Kim Steenkamp - 25
Ed West - 25
Leslie McKenzie – 29
Phillip Lourandos – 29
Eric Niedermayr - 25
Michael Durst – 4

The Trustees for 2016, as voted on by members are therefore: Kim, Ed, Leslie, Phillip and Eric.

10 Any special business of which due notice has been given in terms of rule 54 or as stipulated elsewhere in this notice.

- 10.1 STILUS: Issue of whether to retain this method regarding arrear levies. It was decided that this method will be retained. Trustees showed compassion for special levy arrears. Arrangements can be made, but at the end of this process, the Trustees decide whether to implement STILUS for each matter or to hand the matter over to legal.
- 10.2 The Sectional Title Act gives the trustees discretion to increase levies by 10% without having to obtain the consent of the owners in the event that it is necessary in order to cover expenditure. Despite this the Trustees requested permission to increase levies by an average of 8% at the beginning of every financial year being Jan. Approved.

10.3 Short term rentals of units/guests visiting. Conduct Rules (Rule 10) do not technically permit this for a period of shorter than 6 months, however Conduct Rule 20 allows the Trustees to relax or waive any other Conduct Rule upon written request. KS stated that the trustee are happy to continue relaxing this short term rental Rule, however members who rent their units on a short term basis must inform the Trustees in writing of the number of guests, the period of their stay and their identities for security purposes – not a case of needing permission.

10.4 Altering the wording of 'fines' to 'service fees'. This can be voted on with a 75% quorum to amend the Management and/or Conduct Rules. It was decided that the wording will be retained as 'fines' until a follow up is done regarding whether 'fines' can legally still be called such.

1.5 Parking bays:

Rule-created parking bays (exclusive use areas). Not by Notarial Deed.

Body Corporate can raise levy for cleaning and maintenance, line painting etc of parking bays (S 37 of Sectional Titles Act).

It was agreed that those owners (4) who have parking bays would be advised of the increase shortly. Trustees are to calculate what costs are attributed to this area. **It is to be noted that the costs will not be a market related rental** but the EUA levy will be calculated based on running costs.

11 The giving of directions or the imposing of restrictions on trustees

It was agreed that the existing restrictions on trustees would remain as follows:

- Expenditure is to be within the confines of the budget
- In the event of an emergency - the trustees are to use their discretion
- Any expenditure not budgeted or over R20,000 – the trustees are to advise all owners in advance of incurring the expenditure with full reasons via email.

12 The determination of the "*domicilium citandi et executandi*" of the body corporate.

IHFM,
8th Floor
2 On Long,
Long Street, Cape Town.

1. The confirmation by the auditor or accounting officer that any amendment, substitution, addition or repeal of the scheme's rules have been submitted to the Registrar of Deeds for filing.

No changes were made to the rules in the last financial year.

13 Matters arising :

12.1 Circular containing allegation that IHFM employee (Fiona Dimio) was mid-level management at STILUS. FD advised that this allegation that was sent in an "anonymous circular is untrue, and an apology has been demanded coupled with a retraction. Failure to adhere to this demand could result in alternative action being taken.

12.2 Matters attended to by the Trustees for the year under review :

- 12.1 Recycling project. Kim initiated this project and Phillip completed this program.
- 12.2 Electrical compliance. Not yet electrically compliant, and three quotes have been received. Quote for R87 000 was chosen. Meter room still needs to be compliant. This will bring cost up to R107 000. This is almost complete and there are between 5-8 owners who are not compliant and need to become compliant thereafter the whole building will be compliant soon. 6th Floor repairs and renovations. This was done successfully, and this floor now registers a huge visual improvement.

Garden:

- 12.3 Water supply to garden. There is a tank underground encased in concrete. When this is full, the overflow runs into the gutter. This water is drinkable and has a good rating. To test the water costs R1500. We have a quote for an additional tank to be installed to run into the garden. The quote was R54 000. This is not tenable.

There is another quote for a pipe running from the gravity pool but this is also expensive.

There is another idea to have a hosepipe connected to the gravity pool and running into the garden. This will allow the garden to be watered without using council water. It will also allow for watering during dry summer months.

- 12.4 Atrium – it will be R14 000 to refurbish this area and to put in new planters and plants. Insufficient funds at this stage. The trustees felt this was way too expensive and will get a lay person in to tidy this area up.

Fibre optic Internet:

- 12.5 Octotel have done an assessment re installation of fibre optic. They can install fibre optic cables directly to the units via the trunking in the building, and then the unit owner/occupant must just have access to their own router. Further information will be provided to all owners in due course.

There being no further business the meeting was concluded.

CHAIRPERSON

DATE