



P E C A N W O O D
ESTATE
HOMEOWNERS ASSOCIATION

MINUTES OF THE 21st ANNUAL GENERAL MEETING FOR PECANWOOD ESTATE HOMEOWNERS ASSOCIATION NPC (“PHOA”) HELD ON SATURDAY, 31st OF AUGUST 2019 AT 15H00 IN THE BANQUET HALL OF THE MAIN CLUBHOUSE

Attended:	Mr. JH de Villiers Botha	-	Pecanwood HOA Chairman (Erf 1180)
	Mrs. MM Myburgh	-	Pecanwood HOA Director (Erf 1230)
	Mr. J Rogers	-	Pecanwood HOA Director (Erf 8/1081)
	Mr. DJ Purnell	-	Pecanwood HOA Director (Erf 3/1082)
	Mrs. N James	-	Pecanwood HOA Directors (Erf 0062)
	Mr. AJ Welthagen	-	Pecanwood HOA Director (Erf 1229)
	Mr. D Truter	-	Estate Manager
	Mr. M Botha	-	Country Club General Manager

106 members in attendance plus 110 proxies as per the attendance register

In attendance:	Mrs. C Cruywagen	-	Duja Accountants
	Mrs. M Cillie	-	Duja Accountants
	Mrs. Y Shapeta	-	Duja Accountants

Minutes:	Mrs. O Ueckermann	-	Executive PA
----------	-------------------	---	--------------

Mr. JH de Villiers Botha, the Chairman of the Board of Directors for the Company presided at the meeting.

1. WELCOMING

The Chairman welcomed those present at the meeting.

2. APOLOGIES

No apologies were noted for the meeting.

3. QUORUM

The Chairman stated that the Company’s Memorandum of Incorporation requires 151 members be present either in person or by proxy, to constitute a quorum.

As this requirement had been met, the Chairman declared the meeting to be duly constituted.

There were 216 members present either in person or by proxy.

4. DECLARATION OF INTEREST

No Declaration of interest were noted.

5. MINUTES OF PREVIOUS MEETINGS (18th & 25th AUGUST 2018)

Mr. JH de Villiers Botha confirmed that grammatical comments were received by Mr HJJ Kruger (Erf 1089) relating to the minutes held on the 18th August 2018, which would be incorporated into the minutes.

With consent of members present, the minutes of the 20th Annual General Meeting of Members held on the 18th August 2018 and the 25th August 2018 respectively, were taken as read and a correct record of the proceedings for both meetings.

6. CHAIRMAN’S REPORT

Mr. JH de Villiers Botha provided a verbal report of the Chairman’s Report received electronically by members in the AGM notice meeting pack.

A special welcome was extended to the recently appointed management component for the Company being; Mr Derek Truter the Estate Manager, Mr Morne Botha the Country Club General Manager and Mr Kevin Wylie the Golf Operation Manager.

Mr. JH de Villiers Botha confirmed that the Company had received written questions from members before the AGM, which were answered, but confirmed that the questions and their respective answers would be published on the Company's website as soon as practically possible, for information purposes.

7. FINANCIAL- ELECTION OF AUDITORS

It was noted that the Company received a clean audit opinion for the previous financial year ending on the 28th February 2019. Mr.DJ Purnell extended his thanks to MFG Accountants for their hard work and support to the Company during their tenure of 5 years as the appointed auditors for PHOA.

On proposal by Mr. G Odendal (Stand 351), seconded by Mr. T Ruppig (Stand 106) and put to the meeting, it was resolved to appoint NettRand Auditors as auditors for the Company and their estimated preliminary fee of R100 000 until the conclusion of the next Annual General Meeting.

8. FINANCIAL – CHANGE OF YEAR END

Mr.DJ Purnell explained to members the reasoning why the Board of Directors approved to move the Company's yearend from the 28th February to the 31st May as of next year, 2020. Mr.DJ Purnell explained that in South Africa the majority of Companies have their financial year ends on the 28th February, and this results in the auditors focusing on their bigger clients first before moving on to the audits of smaller Companies, which, in Pecanwood's case, means that we cannot receive audited Annual Financial Statements before the end of July. Having a May yearend means the audit would still be finished before the end of July.

It was noted that the Annual General Meetings would typically still be held in August.

Mr. DJ Purnell confirmed that the change in yearend would not have a negative impact on the members levies whilst aligning the budget to the new financial yearend, as the budget would be extended by a further 3 months in 2020 (March, April and May).

It was questioned if the Company's Memorandum of Incorporation allowed Directors to change the financial yearend; suggesting if it specifically states the Company's yearend date to be the 28th February that a Special General Meeting would need to be convened for members to resolve the change in the Company's governing document. Mr.DJ Purnell agreed, stating that if the yearend is dictated in the Memorandum of Incorporation that a Special General Meeting would need to be called, however it was not believed to be stipulated. Mr.DJ Purnell confirmed that he would however verify this statement.

Mr. HJJ Kruger (Erf 1089) stated that there were residents who requested that the Annual General Meetings not be held in August, as some of the homeowners are away on holiday during August. Mr.DJ Purnell confirmed that the Annual General Meetings could now possibly be held in September due to the new yearend of the Company.

9. FINANCIAL -ANNUAL FINANCIAL STATEMENTS

Mr.DJ Purnell, the Company's Financial Portfolio Director tabled the Annual Financial Statements, for the year ended 28th February 2019, including the Directors report and the Auditors report.

Mr. DJ Purnell explained the significant events that effected the results for the past financial year; namely, the Security Fence upgrade, the Marina Rehabilitation project, Debtors Impairments, deterioration in the regional electricity infrastructure, the employment of a Security Manager and a new vehicle for the Security Manager. Mr. DJ Purnell also noted disruptions caused by the resignations received from Senior Management towards the end of 2018, being; Ms Caieta Grobler, Mr Dries Botha and Mr Francois Schoeman.

A member questioned why the majority of the Senior staff had resigned, to which Mr. DJ Purnell answered that Caieta and Dries sought new opportunities elsewhere and Francois resigned as he did not agree to the Company's restructuring.

It was questioned what specifically had been upgraded to the Company's Security Fence. Mrs. MM Myburgh, the Company's Security Portfolio Director, confirmed that the Perimeter Fence needed repairing and the Trophy Boxes were all upgraded. Mrs. MM Myburgh explained that historically legislature did not call for Certificates of Compliance for the Trophy Boxes or for the Perimeter Fence, however this legislation had been amended and it now requires Certificate of Compliances for both the Trophy Boxes as well as the Perimeter Fence, which formed part of the upgrade completed.

Clarity was requested as to why the Company had purchased a vehicle for the Security Manager, to which Mr. DJ Purnell responded that the Company previously did not employ a Security Manager as it was part of the security service providers' responsibility to provide a Manager, however the Directors wanted more control and decided to employ a PHOA Security Manager to manage the portfolio, this resulted in the need for a security vehicle.

It was noted that the Directors had approved the strengthening financial management for the Company by the appointment of an additional staff member for Duja Accountants, who will be on site permanently to assist with the accounting requirements of the Company, this resulted in a 45% increase on their professional fee.

The Company had a consolidated net cost of R39.7 Million; with levy income amounting to R40.4 Million. The surplus after taxation equalled R200 000. Mr. DJ Purnell explained that the surplus is not sufficient to cover unexpected costs. It was stated that there was an operating loss of R800 000 after projects.

Mr. DJ Purnell confirmed the impairment of debtors by the amount of R1.2 Million. This relates to 4 large debtors owning vacant stands with significant 5 year to build levies owed to the Company. Each of these 4 debtors' balances has been impaired to R350 000, the estimated amount to be the fair value for a vacant stand. It was noted that the Company had taken possession of 1 of the 4 debtors' stands after the yearend, which is viewed as a trading asset, as it was then sold. Mr. DJ Purnell confirmed there are 60 debtors handed over to either the Company's legal representatives or to the Community Scheme Ombud Service ("CSOS"), it was noted that it resulted in a total of 7% of members who were regarded as debtors to the Company, noting the figure is below the industry standard, however still not acceptable.

The debtors amount reflecting on the Company General Ledger is R20.6 Million, with March levies billed in advance, provisions, interest reversals and impairments reducing this to the balance sheet value of R5.7 Million.

Mr. DJ Purnell presented a slide indicating how a member with a vacant stand ended up owing the Company in excess of R7 Million. It was questioned why Debtor A's property had not been repossessed to avoid the built-up costs associated with the debtor since 2009. Mr. DJ Purnell explained that the owner of the property owned 3 other properties which were all bonded. The liquidation of these properties by the bank proved complex, and only now has the Company reached a settlement with the bank whereby the Company is expected to take ownership of the said property.

It was suggested that all arrears debtors of the Company not be allowed to make use of any of the Company's facilities at all, and they should be blacklisted to stop them from playing golf and launching their crafts at the Boat Club and further to that, that all debtors have their biometric access revoked inconveniencing the debtor to then be forced to sign in and out when entering and exiting the Estate. Mr. DJ Purnell confirmed that both the Golf and Boat Club Constitutions state that members who are deemed as debtors of the Company may not be members of either clubs; if they are already members of either or both clubs, their memberships are to be suspended. Mr. DJ Purnell stated that the Directors will further investigate the suggestion given during the meeting.

It was noted that the Board of Directors had resolved that the Common Property Reserve Fund should have a minimum of 3 Months Levies, which at the current 2019 Levy rate amounts to R10.1 Million. Mr. DJ Purnell confirmed that there is a shortfall of R3 Million.

Mr. CP Gordon (Erf 0434) questioned when the Company would stop writing off big debts. Mr. DJ Purnell confirmed that all major debtors had been addressed and stated that the Company has no new debtors that exceed R1 Million.

It was asked why the Company does not align the Debtors Ledger to the Company's General Ledger balance, to which Mr. DJ Purnell explained that the total amount needs to reflect on the debtors account until the matter has been settled. It was confirmed that the Finance Department make monthly provisions for unpaid 5-year-to-build levies, arrears interest and legal fees, which are only taken to income once collected.

It was questioned if the Company would consider aligning the Golf Course Maintenance agreement and the Garden Maintenance agreement to try and achieve a reduced monthly expense for the service. Mr. DJ Purnell confirmed that the Directors have adjusted the contract term of Mark Wilshire Golf to run concurrently with that of Life Landscapes contract, both ending in October 2020. Mr. DJ Purnell stated that the Company would then start the Request for Proposal process in June 2020; but that the Directors might also consider taking some aspects inhouse.

It was proposed that the Company negotiate a discount with Madibeng Municipality on the rates charged to residents for services that the Company provides to residents.

On the Proposal by Mr. A Ansley (Erf 0928), seconded by Mr. RM Kgosana (Erf 1209 & 0893) and put to the meeting, it was resolved that the Annual Financial Statements of the Company for the year ended 28th February 2019 together with the Directors' and Auditors' reports thereon be adopted as submitted.

10. FINANCIAL -BUDGET

Mr. DJ Purnell confirmed that the Board of Directors as per the Company's Memorandum of Incorporation, Article 6, Clause 6.2.2, approved the 2019 /2020 Budget for the Company, resulting in a 6% increase to the monthly levies;

<i>Levy</i>	<i>Exc. VAT</i>	<i>Inc. VAT</i>
Single Stand	R4 372	R5 028
Double Stand	R5 246	R6 033
Triple/Bear Village	R6 121	R7 039

11. ELECTION OF DIRECTORS

The Chairman stated that Mrs. Mags Myburgh (Erf 1230), Mrs. Norma James (Erf 0062), Mr. John Rogers (Erf 8/1081) and Mr. Driver Ncongwane (Erf 1028) as per the Company's Memorandum of Incorporation Article 16, Clause 16.3, retired from office as Directors as one third of the Board is required to step down annually.

Mrs. Mags Myburgh (Erf 1230) and Mrs. Norma James (Erf 0062), being eligible, offered themselves for re-election. The remaining nominees were noted as being;

Mr. Arthur Ansley (Erf 0928)
Mr. Hermann Woithe (Erf 0361)
Mr. Moses Kgosana (Erf 1209 & 0893)
Mr. Simon Adams (Erf 0031)

Voting was done by ballot.

The Chairman adjourned the Annual General Meeting, stating that the Special General Meeting would commence as this would afford the accountants time to count the votes received for the Directorship.

Meeting Adjourned at 16h12.

Meeting Re-opened at 16h57.

The Chairman announced that Mr Arthur Ansley, Mr Moses Kgosana, Mrs Mags Myburgh and Mr Hermann Woithe were elected onto the Board of Directors. The Chairman congratulated the newly elected Directors onto the Board.

12. ESTATE MANAGERS' PRESENTATION

Mr. D Truter presented a visual presentation to members.

Mr. D Truter confirmed that the Company had received numerous complaints relating to leisure rentals. The Company has a leisure rentals policy in place that the Board of Directors adopted in 2017, explaining that the policy states that all leisure rental guests are to be vetted by the Company's security service provider before allowing guests onto the Estate. The vetting of the guests requires a 72-hour lead time for the results to be received by the Company.

Once the guests arrive and check-in at the Main Gate of the Estate, they are to sign receipt of the Company's Code of Conduct rules for the Estate. The Estate Agent is to meet the guests at the Main Gate to escort the guests to their rental property.

Mr. D Truter confirmed that all transgressions on the Estate are governed by the Company's governing documents being the Memorandum of Incorporation and Code of Conduct. The severity of the transgression determines the result of the action taken against the transgressor. Mr. D Truter confirmed that in some cases the guests have been escorted off the Estate.

Mr. D Truter informed members that the Company had investigated what options could be considered to try and limit the complaints received for leisure rental guests.

The proposal is to introduce a leisure rental pool, where all homeowners register their property in the rental pool. The rental pool will be managed by specific authorised Estate Agents. The Estate Agents will be held responsible for their guests' actions. Any homeowner who does not register their property in the rental pool will not be allowed to send One Time Pin numbers to guests entering for that specific property. The intention is to try the rental pool concept for 6 months to assess if it has any effect in the complaints being received now by the Company.

The alternative option is to ban all leisure rentals on the Estate.

It was questioned how the Company would manage homeowners advertising their properties on the Air BnB website. Mr. D Truter stated that if the property is not registered in the rental pool, no leisure guests will be permitted to enter the Estate.

It was noted that allowing leisure rentals onto the Estate is a security risk to all the members.

Mr. G Odendal (Stand 351) questioned what the legal aspects were to stop leisure rentals and not allow members to lease out their property. It was stated that if members vote to stop leisure rentals on the Estate, then the decision is binding by all members.

Mr. TM Motsielwa (Erf 1040) commented that although there is a policy in place, the enforcing of the policy is needed. Mrs. MM Myburgh confirmed that historically the capturing of the transgressions was not completed correctly, and this resulted in

multiple transgressions linked to one property going unnoticed. Mrs. MM Myburgh confirmed that Security personnel are now capturing all transgressions correctly.

Mrs. MM Myburgh urged all residents to contact the control room or log a transgression on the Pecanwood App, as this allows for a portfolio of evidence to be built, which in turn will allow Management to react against a repeat offender.

It was questioned why access cards have not been cancelled for residents who have sold their property and left the Estate. Mr. D Truter responded stating he will investigate the comments made.

Ms. J Strydom (Erf 0111) declared that she is a leisure rental agent who is accredited with the Pecanwood Estate Homeowners Association. Ms. J Strydom confirmed that she follows all the rules dictated by the Company when allowing leisure rentals onto the Estate. It was noted that there are residents on the Estate who book leisure rentals, who are not even accredited with the Estate Agents Affairs Board, but they pose to be registered Estate Agents. Ms. J Strydom confirmed that this practice is illegal.

Ms. J Strydom reminded members that corporates who confirm corporate golf days, conferences, weddings etc. all require accommodation, and these events all generate a good revenue for the club.

A member suggested that the Company charge an additional levy to homes who are renting their properties as a leisure rental home, and that the Company then use these additional funds to hire in bouncer type security guards to specifically deal with leisure rental properties.

Mr. D Truter called for a show of hand from the members present, and it indicated that members favoured the Rental Pool concept. The Chairman stated that the Company will investigate to perhaps increasing the security guard numbers over weekends.

Mr. D Truter confirmed that management will be managing the Service Providers Service Level Agreements more stringently. More feedback would be given to members within 2 months.

It was noted that the Company had been in talks with other Estates on how they manage monkeys entering their Estates. Mr. D Truter confirmed it is a very complex problem, the monkeys are entering the Estate due to the deforestation taking place in the surrounding area of the Estate, the monkeys literally have nowhere else to go.

Mr. D Truter suggested that members deter the monkeys from their property by using a hose pipe and spraying the monkeys with water or using a water gun to spray them, another suggestion received was to walk towards the monkeys waving your arms or placing rubber snakes in your garden.

Mr. D Truter confirmed that the Company had received monkey proof clips that were installed on the lids of wheelie bins, and that the Company was testing the clips in a pilot project, more feedback would be given to members after the pilot project had ended.

Mr. D Truter informed members that he would call on the services of some members to serve on a committee to review the Company's Code of Conduct and Fine Policy.

It was confirmed that 137 house audits have been completed, with 84 members regarded as non-compliant with the Estate Architectural Rules and Regulations. Mr. D Truter confirmed that the intention is to have all house audits completed by the end of November 2019.

13. COUNTRY CLUB GENERAL MANAGER'S PRESENTATION

Mr. M Botha presented a visual presentation to members.

The roles and responsibilities of committees was outlined to members. Mr. M Botha shared the results of internal survey completed for the various facilities on the Estate.

Golf Memberships had increased by 74 members since the previous financial year, with golf rounds increasing by 2 525 rounds versus that of the same time last year. Mr. M Botha confirmed that the company had secured 15 Corporate Golf days for the remainder of the year.

It was noted that the Company had purchased new Golf Course Machinery which was now owned by the Company. Upgrades were noted on the irrigation system of the Golf Course as well.

Mr. M Botha informed members on the planned initiatives to increase more revenue for the Club. The 20-year old bunkers need to be modernised; this bunker upgrade would be funded by the golfers through golfing initiatives.

Mr. M Botha stated that the Company was in the process of investigating the possibility of installing a B-Gate close to the Boat Club, which would allow non-residents to join the Boat Club. Mr. HJJ Kruger (Erf 1089) cautioned this idea, stating that an additional access gate could pose a great security risk to the rest of the members on the Estate.

Mr. TM Motsielwa (Erf 1040) thanked the Golf Committee for their contribution towards the club thus far.

14. CLOSING

There being no further business, the Chairman thanked those present for their attendance and declared the meeting closed.

Meeting closed at 18h15.

CHAIRPERSON

DATE