

**Town Hall Meeting Questions**

Dear Residents

Please find below the questions recently received by the Company during the Q&A sessions of the recently held Town Hall Meetings, please note that the below are the un-edited version and any questions not reflected herein will be addressed during the course of next week.

**Q&A:**

*Question*

*Policy is that members with arrears levies will have golf and/or boat club memberships suspended until arrears paid up. Do we have a similar system to suspend social membership of members with arrear levies?*

**Answer**

The policy is being applied to Boat Club members as their subscriptions are billed through the same system that does members' levies. More difficult with Golf Club members as accountants would need a full list of golf club members, and manually compare that with levy debtors, and notify Morne of members with arrears. Even more difficult with social members playing golf at Pecanwood resident rates. Not being done. Need to upgrade from our current systems so the process is automatic.

*Question*

*Bad debts of R555 000 in HOA and R262 000 in CC. What are these in respect of?*

**Answer**

Ardmore went into liquidation at the end of January 2020 with unpaid rentals and utility charges. These have been provided in full. (R262k arrear rental, R262k utilities.) Remaining R293k is current year levies on legal debts written down to estimated realisable value.

*Question*

*Annual financial statements show depreciation of land and buildings – surely land is not depreciated?*

Correct, land is not depreciated. We will change on monthly management accounts and in future AFS. To the best of my knowledge the only land owned by Pecanwood is a part of the railway reserve purchased from Propnet.

*Question*

*What is the split between owned assets and leased assets?*

**Answer**

31 May 2020

|                         |                    |
|-------------------------|--------------------|
| Owned                   | 6 961 000          |
| Leased                  | <u>4 309 000</u>   |
| Total per Balance Sheet | <u>R11 270 000</u> |

*Question*

*Note 17 – Income tax computation – shows taxable non-levy income of R2 525 000 – what are the components of this?*

*Answer*

|                           |            |
|---------------------------|------------|
| Interest                  | 1 340 000  |
| Rentals                   | 313 000    |
| Electricity credits       | 290 000    |
| Administrative services   | 709 000    |
| Estate agent fees         | 188 000    |
| Fines                     | 70 000     |
| Discount received         | 151 000    |
| Guest verification checks | 51 000     |
| Clearance certificates    | 51 000     |
| Access cards              | 29 000     |
| Sundry income             | 41 000     |
| Total                     | R2 525 000 |

*Question*

*Recoveries of R5 760 000 in the detailed income statement – what is this?*

*Answer*

Water consumption charges to residents and Pecanwood School.

*Question*

*Consulting fees – R731 000 – what is this in respect of?*

*Answer*

|                               |               |
|-------------------------------|---------------|
| Architect – retainer          | 204 000       |
| Environmental Management Plan | 191 000       |
| Health & Safety               | 135 000       |
| Electrical                    | 52 000        |
| Waste management              | 34 000        |
| Structural – pump station     | 25 000        |
| Mechanical – pump station     | 35 000        |
| Other                         | <u>55 000</u> |

Total

R731 000

*Question*

*Good morning, the estate has rather high levies compared to several other estates that are also prestigious and additional levies for gardens are concerning. The gardening is also very poor and we in any case need to get our own gardener to work there. could it not be considered to subtract the current gardening cost from the levies and let owners do their own gardening?*

*Answer*

No levy composition of Lifestyle Estates is the same. One needs to take into consideration what services are included and excluded, as well as the size and age of the Estate. For instance, many Estates do not have the same social facilities, sewerage is being charged by the Local Authority, water tariffs are completely different, water for irrigation of gardens is not free, property taxes are not the same etc.

*Question*

*Marketing is not really seen in metropolitan areas, should more not be spent on marketing the Pecanwood brand to benefit property values and golf rounds?*

*Answer*

Marketing had been suspended due to Covid-19. The marketing strategy will be rolled out as from October covering not only the Metropolitan areas but the whole of South Africa

*Question*

*Can homeowners get Mags contact number? Other numbers are available on the website,*

*Answer*

It is not standard practice but any communication to Mags would be directed to her by the Company Secretary

*Question*

*Need to relook your ""preferred suppliers"". We moved in, in Jan 2020, and contacted several on your list and very few actually take your call or respond to emails.*

*Answer*

It would be helpful if such information would be provided to the Estate Management to enable them to take the necessary steps to either follow it up with the preferred supplier or replace said supplier with others keen to work on the Estate

*Question*

*Morning David, not a material increases but out of curiosity could you advise why accounting costs doubled please? I note the 12 to 15-month period change but from recollection of reviewing the AFS went from R600k to around R1.3m*

Answer

From early part of new financial year increased resources to have Caren acting as financial controller for 4 days a week instead of two days - also another accounting resource to allow Monica to focus full time on levy collections.

*Question*

*Thank you, De Villiers, Great point on the condition of the estate should it be left to homeowners.*

Answer

It would not be wise to allow homeowners to maintain their own gardens due to the fact that a substantial number do not stay on the Estate and might not maintain their gardens on a regular basis, that in essence would create an aesthetical challenge

*Question*

*What's the progress regarding PHOA buying the Boat club and Boat club?*

Answer

The next round of negotiations on the lease amount for the next three years start at the beginning of October. The purchasing of the Golf and Country Club will be part of the discussions but before a final decision on the matter could be taken, residents will have to be consulted.

*Question*

*If that happens will that mean that the levies will be lower?*

Answer

It depends largely on the outcome of the negotiations. One must bear in mind the G&CC is part of the Estate and a holistic approach should be adopted with regards to the levies of the Estate

*Question*

*If the transaction is successful with Country heights, will that normalize the levies?*

Answer

Note the response above

*Question*

*Please give us a broad outline of the financial commitment to the "Malaysians" regarding the golf course and club etc. Any plans to try to change this?*

Answer

Full maintenance lease with a current lease payment of R2,2m per annum.

*Question*

*What is the combined years of service to the board by the current members?*

Answer

- 1) De Villiers Botha 5 years and was co-opted the first year
  - 2) Mags Myburgh 5 Years and was co-opted the first year
  - 3) David Purnell 4 years and was co-opted the first year
  - 4) Arthur Ansley 1 year
  - 5) Moses Kgosana 1 year
  - 6) Tony Welthagen 2 years
  - 7) Hermann Woithe 1 year
- Collective therefore 19 years.

*Question*

*Has anyone been on the board in different portfolios for longer than 5 years? (If so then we need to look at change, because a monopoly of the same people in different portfolios sets a bad example)*

Answer

The revised MOI makes provision for a maximum period of 6 years and at present only require that one third should retire on annual basis, but they can stand for re-election.

As you know corporates usually work on a basis of a maximum of 9 years. The SARB is really strict on the nine-year period.

*Question*

*I understand the Homeowners cause problems with security in relation to unruly children, dogs without leads, teenagers on golf-carts, but what does the HOA do about this? What are the fines and how many get handed out and to what amount are we owed these monies?*

Answer

The HOA does issue fines. The value of the fines is on page 18 of the Code of Conduct. I am not sure what amount is outstanding.

*Question*

*Where do we see a list of what other Major Items consists of at R3,1Million*

Answer

All the information will be on the website for residents to view.

*Question*

*hi. i am not a golfer. i am member of boat club. should expenses of golf equipment maintenance and replacement not be funded separately. surely boat club expenses should not be funded by all members and the same with golf club. We have a surplus but you are proposing an increase from October partly to fund golf club equipment maintenance and replacement. my suggestion is that the golf club and boat club and pecanwood estate should be separate self-sufficient financial entities*

*Answer*

The reason why the PHOA entered into a lease agreement with Country Heights was because they abandoned the property, this had a negative impact on members investments.

Members adopted at the SGM that the Board of Directors negotiate a lease agreement with Country Heights and restore the amenities and ultimately become part of the PHOA operational running costs.

The PHOA had formed the Golf Club and the Boat Club, but it is unlikely that the Golf Club will make a profit. The rental received from the renters and trainers are offset against the expenses. The upgrade of the facilities is to ensure that the residents enjoy the lifestyle on the Estate.

*Question*

*What are the punishments and consequences for Homeowners who refuse to abide by the rules by allowing their kids to drive Golf Carts?*

*Answer*

Security will fine the homeowner and repeat offenders will be taken to CSOS.

*Question*

*When will the new garden services tenders be implemented as the poor services from LIFE needs to end at some stage*

*Answer*

Life Landscapes contract has been extended till end April 2021, the intention was to align it to the Mark Wiltshire Golf Course agreement. The PHOA is developing a framework which will form the basis of the tender to be issued.

*Question*

*is there anything that can be done about the monkeys which seem to be running riot*

*Answer*

Residents are not to feed the monkey's, that is the reason they are on the Estate is to find food. Residents are also to ensure their dustbins remain closed.

*Question*

*Please explain the end of life of the fibre?*

Answer

The lifespan of the Fibre is 10 years, currently we are in year 9 and we would need to upgrade the Fibre now.

*Question*

*good evening, have you considered adding more sports facilities for residents for example Basketball or squash courts*

Answer

Yes, a bowling green and squash courts have been considered, and additional facilities have been included in the 3year Capex Project Plan.

*Question*

May I request that the financial report to be delivered at the end of every quarter include the financial statements (YTD unaudited and track spend against budget for the income statement). Part of this would include the PHOA sharing the board approved budget and capex plans at the beginning of each year.

Answer

Yes, the Board will report back to residents quarterly, and it will include the Capex as well.

*Question*

*Lastly the report does not provide a proper brief of the historical & financial arrangements - I.e golf assets purchase??? Can every meeting please include a standing report (including the background & context) to such matters. How do we expect new residents to identify otherwise if we do not empower them?*

Answer

The Company will include a brief in the next report released to residents.

*Question*

*On the social front, may I appeal to organizers that events be accommodating of the diversity of people housed on the estate... with a historical background such as that experienced by our Country we should be seeking to promote social inclusion & sensitivity towards one another. Future generations of this estate will be heavily impacted if we don't change course. This also invites unnecessary animosity.*

Answer

All residents are welcome to contact Morne Botha with event suggestions, a sub-committee can be formed to ensure there is diversity with all events.

Question

*Event organizers must also seek to approach residents openly & transparently for business opportunities on the estate. How were the stalls for the recent gig at the clubhouse selected? Where does this advertising for business opportunities happen? I find these events extremely exclusive of people of color & I believe the change that's required is from management.*

Answer

The Spring Day event was actually the idea of another residents, which the Company hijacked and made it a PHOA event held in the Clubhouse, the event was open to all residents who wanted to participate. The Company will advertise when the next event will be held, and the Company will invite all residents to participate.

Question

*Please make efforts in informing residents of the selection process for board directors as well... by the time I am approached as a resident I am being asked to select from the nominee lists, but how is this process inclusive? In fact, we should probably be moving towards a reserved seat on the board for non-white prospects. Honestly, it's important to be sensitive to other people on this estate. We all pay a lot of money to keep the system going and the least the PHOA can do is make us all feel welcomed, more so for the benefit of future generations that need not suffer the impact of our horrible past. We would be failing them completely if we turned a blind eye to these matters, that have even become a global conversation!!!*

Answer

There were 3 vacancies on the Board this year, anyone can be nominated to stand for election onto the Board of Directors. We will be sensitive to diversity, and will invite other residents to be part of the sub-committees of the Board to improve the diversity of the Governance structure.

Question

*There is talk that rates, specifically that paid toward landscaping services, will vary based on size of garden; is this true? If so, can we assume that all other rates will also vary based on relevant criteria (erf size, road frontage, number of house inhabitants etc)*

Answer

The Garden Extensions will still be considered by the Board of Directors.

Question

*There are more vehicles and golf carts parked on driveways and lawns than in garages. The Estate looks very untidy.*

Answer

There is a need for more parking bays on the Estate. The Board will look into creating more parking space on the Estate in future.

*Question*

*Trailers are parked in public view.*

*Answer*

Security and the PHOA staff will notify the PHOA feedback and letter will be sent to the homeowners to remove the trailers.

*Question*

*Generators that are powered up during load shedding. Most are noisy and irritating. I assume that most have not been approved and authorised by the HOA.*

*Answer*

Generators will be addressed when the House Audits are conducted.

*Question*

*Solar panels. There are many that are unsightly. Has every installation been authorised?*

*Answer*

Solar Panels will also be addressed when the House Audits are conducted.

*Question*

*Illegal use of golf carts by under-aged and unlicensed drivers.*

*Answer*

Residents need to adhere to the Estate Rules, the problem that Security faces is that when Security addresses the matter with the parents of the underaged drivers the parents usually don't seem to have an issue with the fact that their children have driven the Golf Cart illegally. Fine are issued and repeat offenders will be taken to CSOS.

*Question*

*Golf course used by homeowners during play.*

*Answer*

The PHOA will send a reminder communication to residents reminding them of the times that they are not allowed on the Golf Course. The main problem is actually leisure rental guests who do not read the rules of the Estate when spending time on the Estate.

*Question*

*The generator at the Main Gate appears to come on daily even outside of load shedding.*

*Answer*

Control Room were under the impression that every time the generator was switching on that it was due to load shedding which was not the case. Tshwane was on site today and they managed to fix the fault.

*Question*

*Can the Company Organogram be shared with residents, and the salaries of each staff member be confirmed.*

*Answer*

The Organogram can be placed on the Website, unfortunately the salaries cannot be disclosed as it is a contract between the employer and the employee.

*Question*

*How were the unbudgeted costs managed.*

*Answer*

The major unbudgeted item was the upgrade of Lakeview Pump station, in the end the Company managed to save money on the project. There has also been a high loss of potable water (30%). Investigations lead to the discovery of 8 water leaks which also had a cost implication to the Company, these leaks will now be fixed.

*Question*

*Will the Architectural Rules and Regulations be updated for the Estate.*

*Answer*

Yes, the Architectural Committee have started with the process to update the rules which will be shared with residents once complete for consideration.

*Question*

*What are the plans to enhance the Pecanwood experience on the Estate other than Golf and Boating?*

*Answer*

We are considering a further experiencing like, outside gyms, bowling club and squash courts etc.