



HOMEOWNERS ASSOCIATION

Annual General Meeting

Report

2020

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Directors :

The Directors for the past financial year were:

Craig Bruton (Chair)

Robin Browne

Cuan Lott

Graham Paxton

Bruce Winship (Developer)

Portfolios :

The following Directors / Members were allocated to the various portfolios :

- **Design Review : Craig Bruton / Cuan Lott / Graham Paxton / Armand Redgard (as independent professional)**
- **Finance : Cuan Lott / Gavin Spavins / Anne Brooker**
- **Estate Management : Graham Paxton / Paul Scannell**
- **Landscaping & Environmental : Sandra Keddie / Nzwaki Gwagwa reporting to Cuan Lott**
- **Security : Henri Winter reporting to Cuan Lott**
- **Communications : Paul Scannell reporting to Cuan Lott**

Chairman's Address :

It would usually be a case of opening the AGM and greeting the attendees...face to face. However, the outbreak of Covid-19 has thrown this planet into a tailspin, and 101Acutts has not been spared. So, as we all scramble to find "new normal" solutions, we wish this experimental electronic AGM success.

Notes of thanks extended to :

- Bryan Hart, our new Estate Manager, for assisting with the functioning of this AGM.
- Fellow Directors of the HOA, for their time and commitment to the Board.
- Committee Members, for the time they gave up handling various affairs within the estate.

Special sympathies to all who suffered ill-health or losses as a result of this terrible pandemic...a truly tragic year in so many ways !!! And yet, 101 Acutts Estate somehow managed to slalom through the turmoil and emerge showing a lot of positivity.

The hardest knock was obviously the nationwide lockdown. This completely stopped all work in its tracks for the months of April and May. Absolutely NO construction crews, NO maintenance crews, with residents confined to their homes and yards, except for emergency and essential activities.

Early June came as somewhat of a reset. Slowly but cautiously, play resumed on the estate. The work done by the residents during the lockdown period was commendable, which made the catch-up tasks for the maintenance crew a bit easier. Construction picked up where it left off, and quickly gained traction again. Several new homes were completed and handed over to their happy owners. Welcome...

The biggest surprise came from Sales, experiencing a sudden rush of interest. Months of isolation, and historically low interest rates, seemingly catalyzed an appetite for property investment. This saw all available plots being lapped up, even spilling over into the new phases towards the back gate. These areas were originally designated as Sectional Title, but were in a Subdivision process, converting them freehold plots. The good news : our application was approved by the numerous governmental departments, eventually. So, we are now able to fulfill these new sales, which is great for the estate in terms of generating levies. We have some awesome plots within these new phases, so we are hoping to attract many more buyers in the upcoming period.

Looking further ahead yet, roadwork to Flat Crown Lane is extending eastwards. The hitch is this road requires electricity reticulation before the plots can be proclaimed. We engaged with our electrical consultants, and had several meetings with eThekweni Municipality Electricity Department. In context of the Eskom debacle, and with loadshedding being an ever-present threat, negotiations were difficult....but, they finally agreed to grant us the power allocation. We now await the installation of a 3rd mini-sub, after which we can complete the roadworks, and finally apply for the site promulgations.

So ultimately, 101 Acutts Estate will comprise 167No single residential, aka freehold dwellings. By eliminating the sectional title schemes, we have effectively de-densified the estate, thus enhancing the quiet and harmonious environment that everybody has become accustomed to. It also means much simpler administrative duty for the HOA.

As a reminder, the original vision for this estate was a cost efficient secure gated suburb. This places us at an advantage over surrounding estates, who are swamped with costly facilities, thus passing the burden onto homeowners by way of unaffordable levies. Keeping the costs down is paramount in a toughening economic climate, and importantly, the main reason why the general marketplace views our estate as such a solid investment.

101 Acutts has seen steady, organic growth, and has certainly risen in stature and prestige. This is evidenced by the increase in average house size over the years. We are undoubtedly becoming a most sought-after estate in the Upper Highway area, which is fantastic news for your investment. Future sales look very positive, as we continue to expand, mature, and flourish. We are encouraged by the positive efforts put in by the portfolios and responding Members, which can only lead to progression and further enhancement of the estate.

Craig Bruton – Chair

Managing Agent :

Maxprop was the appointed Managing Agent for the review period, and their primary responsibilities were :

- Preparation and provision of detailed monthly financial accounts
- Raising and collection of levies
- Professional advice on best practice & Companies Act where applicable
- Company secretarial services

Portfolios Feedback :

Design Review : by Armand Redgaard

The Design Review Committee continues to ensure compliance with the Design Code, with a view to maintaining a consistent and harmonious appearance within the estate. This applies to all new houses, and now more frequently, alterations and amendments to current homes. Over the period of address, several homeowners submitted design requests, all of which have been reviewed. Approval was granted to all that fell within the design code. Alternative suggestions were given to those that did not comply within the code. Some alterations and additions have been done sans the process, and these non-compliances will have to be remedied.

All residents are reminded to please submit any new proposed design elements to the DRC for approval before any work commences. Prior consent from DRC will circumvent the possibility of costly abortive works to rectify a non-compliance. The Design Code is available on the 101Acutts website if uncertain about particular elements. A reminder that major alterations (.ie. those requiring submission to Council) must be scrutinized and signed off by the DRC at a fee of R2,500.

Finance : by Gavin Spavins

This report serves to present the financial performance of the HOA and to outline its present financial position at February 2020. It also seeks to explain the key financial risks and challenges faced by the HOA and outline the strategy to address these.

Income :

For the year ended February 2020, the HOA generated revenue of R2,418,780 (2019: R2,122,085). This represents a 14% increase year on year. Sold homes increased from 84 to 87 but the largest driver was the special levy of R102,500 and the increase in the standard levy. In terms of the 2016 agreement with the developer, there was no requirement to raise any short-fall recovery levies.

Operating expenditure :

Total operating expenses for the year were R2,266,558 (2019: 2,441,543). This represents a decrease of 7% year on year since the prior year included the fully depreciation of the security equipment purchased (R278,492). The largest expense was security at R1,448,471 (2019: R1,364,327).

Stabilisation Fund :

	Feb 2020	Feb 2019
Opening Balance	200,495	309,707
Stabilisation levies	43,648	108,830
Transfer from retained surplus / (deficit)	9,300	25,450
Transfer to retained surplus / (deficit)	(35,000)	(243,492)
Closing Balance	218,443	200,495

Developers account :

The closing balance of amounts due by the developer to the HOA was R32,180 (2019: 141,121). The reduction in the balance is due to the fact there were no shortfall recovery levies raise in the current year and, in terms of the 2016 agreement with the developer levies were refunded to the extent that there was a surplus in that year. The developer continued to support the estate by carrying out the garden maintenance for the HOA common land.

CSOS Reserve Requirements :

The Community Schemes Ombud Service (“CSOS”) was established in terms of the Community Schemes Ombud Service Act to regulate the conduct of parties within community schemes, including homeowner associations. One of the CSOS roles is to promote and monitor good governance of community schemes. In terms of CSOS guidance, the HOA should have a reserve fund equal to at least 25% of the operational budget for the current financial year. At February 2020, the reserves, which include the accumulated operational surplus and the levy stabilisation fund total 742,635. The total operational expense, for the year ended February 2020, is R2,418,780 which means that the HOA’s reserves are currently at 31% by this measure. The excess reserves are a result of the special levy and increases in the monthly levy to fund the future expenditure on security upgrade. Over the 5-year contract, this ratio is expected to decrease below the 25%, to be built up again over time.

Financial Position :

As at February 2020, the total cash on hand is R605,092 (2019: R496,978). This cash balance includes the stabilisation fund of R218,443 (2019: R200,495) and the accumulated surplus funds of R524,192 (2019: R178,785). The balance of cash originates mostly from the 90-day payment terms that the HOA was able to negotiate with the security provider. In summary, the HOA is in a sound financial position and is able to cover its operational expenditure through the levies raised. The reserves temporarily exceed the 25% CSOS requirement, however, over time this will be managed within CSOS guidelines.

Estate Management : by Graham Paxton

At the last AGM a number of items were notified as being planned, all of which have been achieved.

- Additional speed bumps installed.
- New streetlights installed.
- Main gatehouse repainted.
- New registration and control procedures for external contractors introduced.

In August 2020, Bryan Hart was appointed as our Estate Manager and, as per previous communications, is now the focal contact point for all issues that members wish to raise. This appointment has meant that all other committees other than the Finance Committee have now been closed.

Through the regular issuing of MEL communications Bryan is bringing issues to the attention of homeowners / residents, and everyone is encouraged to make proper use of this application as email communications are no longer issued.

Environmental & Landscape : by Sandra Keddie

2020 has been a difficult year from many perspectives. For those of you that are not aware, our grounds maintenance team consists of a Grounds Manager (Rob Klug) and 3 garden staff members, all of which are employed by the Developer. The HOA pays 50% towards Rob’s salary, and so his operational tasks are split over the week, 50% (2 and a half days per week) between GRID and the HOA needs.

An estate of this size, with ever increasing needs, requires more than the current workforce and allocated time to effectively maintain and improve the common areas. In 2020 financial prioritisation was elsewhere, leaving Landscaping and Grounds Maintenance / improvements with very limited HOA budget.

The purpose of the HOA Landscape and Environmental Committee has been to support the Grounds maintenance team and :

- To improve the sustainability of the Estate by creating healthy garden Eco-systems and preserving the natural environment and its indigenous fauna and flora.
- To increase the attractiveness of 101 Acutts for existing residents and prospective owners through a coordinated approach to landscaping and environmental protection and as guided by the legally binding Environmental Management Plan governing the Estate.
- To support and guide new and existing residents in understanding the requirements of the Landscaping Code and ensuring governance according to the Environmental Management Plan.

Barriers to achieving Grounds maintenance and Landscaping and Environmental objectives. Some of the difficulties that the Grounds maintenance team and the Landscape and Environmental Committee experienced in 2020 were :

- Engine failure of garden power tools resulting in a loss of one Brushcutter early in the year and crucially the second heavy duty Brushcutter for 2 months before lockdown.
- 6 week lockdown when the estate had no maintenance team for the common grounds and residents had no gardeners.
- Overstretched grounds maintenance team (*). The grounds maintenance team has not been increased since 2017 despite the growing estate. In the absence of HOA funding, the Developer added part-time labour to assist the grounds maintenance team late in 2020 to get on top of things. However, this is still insufficient.
- Lack of HOA funds : budget was withheld.

(*) *The Compost Club shifted the burden of garden refuse collection from the Wednesday collection by the grounds maintenance team to that of an everyday collection. To understand more about the compost club and the burden it placed on the grounds maintenance team please see the attached Appendix A.*

Landscaping and Environmental Committee Projects Approved and implemented in 2020 :

- 22 May 2020 : Garden equipment purchased. Victa Corvette Lawnmower (R11000) specifically to cope with slopes and FS280 heavy duty Stihl Brushcutter (R7750).
- September 2020 : 50 trees have been planted to provide long term screening for the playground and new Clubhouse (when built) from Inanda road (R18000).
- To reduce the damage by glass to black refuse bags, resulting in non-uptiftment from DSW and therefore more work for the Grounds Management Team to clean up, a glass recycling bin was added at the back gate (no cost) and residents were asked to dispose of glass in the recycling bin. This also improves the sustainability of the estate.
- December 2020 : Cycle / Running Track – a section of track has been identified and marked by resident volunteers. Some parts were cut by volunteers before paying for labour to cut the balance. Cost R2662 - this included indemnity signs. To get the full use from this track, it requires maintaining (poison to treat regrowth and walkers to flatten the area in the first instance). Finishing of corners need to take place before bikers can use this track.
- BMX track – the Developer assisted free of charge with a driver and TLB / Bobcat to cut a BMX track. This still requires budget to complete. A resident also volunteered assistance.

Landscape and Environmental projects rejected in 2020 due to lack of funds :

- A short and medium term plan was established to increase the grounds maintenance team to meet the requirement of the estate : cost approximately R9K-R13K per month.
- A further purchase of Garden tools (Hedge Trimmer, Blower etc) was proposed : cost approximately R18K once off.
- Quotes were obtained to treat verges for weeds and pests and plant new grass where required. Approximately R56/sqm (1000m @ R56K).
- Quotes were obtained to redo the entrance area with paving and remove the decking. Approximately R20K.
- Removal of invasive aliens from the wetlands – instead of burning the grasslands (because of proximity to houses) which is what should be done every few years, the only option is to remove all invasive aliens by hand as was done in 2019. The cost of the labour, trained in alien invasive removal, was rejected due to lack of HOA funds.

Conclusion :

- Finance will continue to be pressured in the short to medium term and the aesthetic of the Estate, and its environmentally sensitive ethos, may suffer as a consequence.
- Solutions to this need to be seriously considered in the planning of the 2021 budget if the look and feel of the Estate is to be preserved.

Appendix A – The Compost Club :

The Compost Club was implemented in September 2019. This was an optional paid service by members, the amount paid was to be used to supply members with garden waste bags, food waste buckets, management of the garden waste into compost. Distribution of compost to members. The amount paid into the club was not enough to allow the club to be self-sustaining. The club still had to rely on garden waste collections being made by the Estate (either the Developer, or the HOA) as they were doing before the inception of the Compost Club.

The objectives of the Compost Club were :

- To reduce the use of blue plastic bags to an eco-friendly alternative.
- To overcome the problems that occurred when blue DSW bags were not available at supermarkets.
- To reduce the mess caused by broken bags left at the back gate.
- To reduce the burden on the grounds maintenance team who have to clean up the refuse area when DSW do not take broken blue and black bags.
- To recycle garden and some food waste into compost.
- To reduce wet food waste in black plastic bags.

A consequence of the compost club was the shift of workload, from loading garden refuse onto the Wednesday collection truck, to an everyday collection using Rob vehicle. Both services, however, used the same staff to load the refuse. As the compost club grew, so did the burden on the use of Rob and his vehicle, while the burden on the refuse collection truck reduced significantly.

It has been suggested, but is a matter of interpretation, that the Compost Club was one of the reasons for overburdening Rob and the Grounds maintenance team. Given that Rob has been re-assigned within Grid, the lack of necessary funds and the failure to find a viable alternative in the short term, the Compost Club is scheduled to close in February 2021.

Security : Henri Winter

In July 2019 Ensure Security took over as our service provider. The need to improve security on the Estate was imperative and with the initiative from Ensure, it was decided to embark on a major upgrade which is technology based. The upgrade was at costly, thus financed over a 5-year period.

Installation commenced in January 2020, however with the Covid-19 pandemic the completion of the project was delayed due to the imposition of the level 5 lock down. Since then, the system is now fully installed and operational. The operating software is provided by Gallagher and the software enables smart access control and full digital surveillance of the Estate perimeter via 56 cameras strategically placed around the perimeter of the Estate. To achieve this, a Fibre ring had to be installed along our fence line which allows for real time monitoring of the perimeter as well as recording of all entrance and egress activities to the Estate. The cameras are a combination of thermal and infra-red with built in motion sensors. We also have an electric fence providing an additional deterrent to illegal entry.

Capabilities of the New system includes the following : Access control via card, blue tooth, access strip or a code entry. The cameras have facial recognition at our access points as well as number plate recognition. Visitor access is now via random number generation controlled by Gallagher, with MEL now integrated into the system.

During the period under review, we have not had any reports of theft or vandalism. Inclement weather and lightning have played its part in damaging some cameras, but these have been replaced. The back gate is only used for

contractors access and is locked after hours and weekends. Back-up power for the main security room is inadequate. There are plans in place to remedy this very shortly. This has been incorporated into the Fibre to the home project.

This security upgrade has been a major project with a steep learning curve. Enhancements and fine tuning are continuous. The provision of security excellence for the Estate remains a major focus and Estate manager is working closely with Ensure security to achieve and maintain effective security on an ongoing basis.

Communications : by Paul Scannell

The **My Estate Life** App (MEL) now has 190 registered Owners and residents. This list will be audited to ensure that all those registered are still indeed owners or residents of the estate. Owners are requested to inform the Estate Manager of any changes in ownership and or residency for their properties so that the necessary changes can be made on the estate systems and data bases including MEL registrations.

All estate notices are issued on the MEL App. In addition to Email and telephonic contact with the Estate Manager, MEL remains an accepted communication medium for residents to communicate with estate officials via the "Feedbacks" icon on the APP home page.

The Document Section holds a number of documents for easy reference and downloading by Owners and Residents including :

- The Estate Home Design Code.
- The Estate Landscaping Code.
- Conduct Rules for the Estate.
- Security related news and procedure notices.
- A contact details list for Service Providers that have worked on the Estate and been recommended by Residents over time.

Newsletters have been published more frequently since the arrival of our Estate Manager.

Whilst the visitor access codes and controls are now handled by the Gallagher access control system, MEL still provides the link between the resident, the Gallagher system, the visitor and the security guards at the gate and is working more smoothly than before.

Help for the App is available from My Estate Life by sending an email to support@myestatelife.com.

Conclusion :

We continue to work together towards the common goal : to create a prestigious residential experience in a sustainable, secure and picturesque environment, concurrently serving the estate community and providing sound financial returns for all the stakeholders.

In light of the progress and plans discussed here this evening, we appear to be on the right track of achieving this. We thank you for your passion, loyalty and ambassadorship as we work together towards a very promising future.