



HOMEOWNERS ASSOCIATION

Annual General Meeting

Report

2021

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Directors :

The Directors from the AGM conducted in April 2021 were:

Bruce Winship (Developer)

Craig Bruton (Developer)

Dev Naidoo

Fusi Madela (resigned September 2021)

Paul Scannell (resigned August 2021)

Henri Winter (Chair from April 2021, resigned August 2021)

Sandra Keddie (appointed Chair in September 2021 following the resignation of Henri Winter)

Estate Manager : Mr Bryan Hart

Portfolios :

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

- **Design Review :** Craig Bruton / Cuan Lott / Franco Collarossi / Armand Redgard (Architect)
- **Finance:**
 - **April to August:** Henri Winter/ Paul Scannel / Sandra Keddie /Anne Brooker
 - **September to present:** Sandra Keddie / Dev Naidoo / Anne Brooker
 - **October to present:** The assistance of Derek Spavins was accepted to assist with the AFS.

- **Estate Management : Mr Bryan Hart assisted by the various Portfolio Directors**
- **Maintenance: Dev Naidoo**
- **Landscaping & Environmental : Sandra Keddie / Dev Naidoo**
- **Corporate Governance: April to August: Paul Scannel / Dev Naidoo**
- **Security :**
 - **April to August: Henri Winter / Fusi Madela**
 - **August to September: Fusi Madela / Bryan Hart**
 - **October to Present: Sandra Keddie (Strategic), Bryan Hart (Operations),**
- **Communications : Sandra Keddie**
- **Compliance:**
 - **April to September Fusi Madela - assisted by all portfolios**
 - **October to present - the Estate Manager**

Chairman's Address :

Good evening Ladies and Gentlemen,

I would like to thank everybody present for your attendance this evening; for taking time out of your busy schedules and showing committed interest in our Estate.

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.
- Derek Spavins for his experience and assistance to the Finance Committee
- Lushen Pillay for his experience and assistance to the Board
- Jen Lott and la Fin, for their assistance with financial matters

2020/21 was a slow year due to Covid but a boost in sales occurred at the end of the year and the beginning of the 2022 financial year. As at October 2021 the Developer has already reached the 2022 annual targeted sales of 104 properties. This will result in small additional levy revenue for the 21/22 financial year. The Developer is also beginning to tar the Flat Crown Road extension, so we can look forward to a further increase in property sales just as soon as this is done, heading towards our total number of houses of 167.

The 2021 Financial Year, despite being affected by Covid, came with many changes to the HOA structure:

- The Managing Agents were released and in their place, La Fin was contracted in to provide us with financial administration services and Mr Bryan Hart was appointed as Estate Manager.

- At the end of February 2021 the Developer removed their Gardens and Landscape support to the HOA: - this involved the removal of a Grounds Manager and a team of 3 gardens staff, including access to a small maintenance vehicle. This was replaced by 2 Garden and Maintenance workers and the HOA contracted Ladybird Landscaping to maintain verges and common areas. We have had to manage without the regular use of a maintenance vehicle.
- In addition The security upgrade project was implemented

The previous AGM was held late due to Covid and went ahead on the 22nd of March 2021, at the turn of the financial year. The 5 HomeOwner Directors that were appointed at this time were assigned portfolios and in the absence of a Managing Agent, immediately conducted a review / due diligence process. The HOA joined ARC (Association of Residential Communities) which provides Members with guidelines, comparisons and best practices amongst 50 other Estates countrywide. Best practices and processes were put in place including creating a Cloud Portal to store all HOA documents safely, a robust regime for addressing levies in arrears and a critical review of expenditure - both occurring and intended.

As a reminder, the original vision for this estate was a secure gated suburb, an eco conscious estate to enjoy country living at its best. This places us at an advantage over surrounding estates. Prudent management of expenditure is critical in a worsening economic climate. Low levies features amongst one of the reasons why 101 continues to be a sought after estate in the Upper Highway.

Sandra Keddie – Chair

Managing Agent :

Maxprop were released from their role as Managing Agent in August 2020 and La Fin were appointed as the financial administrator. Their primary role is

- Preparation and provision of detailed monthly financial management accounts
- Preparation of monthly levy invoices
- Annual Budget preparation
- CIPC Submission

The review and preparation of an accurate financial position has been made possible by the assistance and support provided by La Fin, and the Board expresses their thanks for what has been a demanding task. The transition from Maxprop was not simple, and the previous budget exercise was conducted with incomplete information, which required a complete review against actual spends. We can now present verifiable accounts that can be used as a foundation to understand where we are as an Association, and have a structure for future planning.

This report serves to present the financial performance of the HOA and to outline its present financial position as of February 2021. It also seeks to explain the key financial risks and challenges faced by the HOA and outline the strategy to address these.

Portfolios Feedback :

Finance

Income :

For the year ended February 2021, the HOA generated revenue of R3,009,919 (2020: R2,418,780). This represents a 14% increase year on year, generated from 94 homes (as at end of February 2021)

The target of an additional 10 homes over the 21/22 financial year has already been achieved in November 2021 and with the new section of Flat Crown road, we hope to achieve another 15 property sales over the 22/23 financial year

Operating expenditure :

Total operating expenses for the year were R3,466,050 (2020:R2,266,558). This represents an increase of 52% year on year. This is due mainly to:

- the depreciation of the perimeter fibre cabling which is a 'once-off' non-cash item of R515,200 and is not considered operating expenditure in view of its funding. Cash Flow Statement of the AFS still indicates a positive cash flow of R268,933
- the rental and maintenance of the security equipment (ongoing commitment, as shown in note 9 of the AFS).

The Board has taken the position of continuing to keep our levy low and currently our levy is statistically around the median when compared to estates in the surrounding area and countrywide. The levy increase in 2021/22 was 8% and our ongoing commitment to security costs at this time comprise around 65% of our levy income (74% in 2020/21 financial year), leaving 35% of our income to go toward running and maintaining the Estate. This ratio should improve as more properties are sold and will also depend on the levy increase setting at the end of the Financial Year.

The Budget for 2022/23 is based on a levy increase of 6% (to R2784.15 monthly) and 15 new homes over the 12 month period.

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 levy income for the current financial year. This reserve fund is to fund unexpected maintenance costs and should also be utilised toward a budgeted 10 year maintenance plan.

As at the end of February 2021, the HOA substantially meets the minimum reserves requirements and expects to achieve full CSOS reserve requirements in the next financial year.

Levies in Arrears :

The Levies in arrears as at March 21 were R154,873 This was made up of approximately R78,000 over 60 days overdue from 6 Homeowners and the remaining levies arrears were under 60 days.

Without your levies, this Estate cannot commit to the payments required to keep this Estate running. We need your levy payments to be paid on time. Because of this we are required to charge interest on late levy payments but we are also aware that if homeowners do not have

stop orders in place, these payments can sometimes be forgotten, so we have a small grace period when a reminder is sent out and before interest is charged.

Reminders will be sent out by La Fin and you may also receive push reminders from your MEL app. Once the overdue amount goes beyond day 7 of the following month the HOA or the Estate Manager will contact you to discuss the matter. If there has been no response at this stage the matter will be referred for legal recovery and all costs involved will be for the owner's account.

To date we have received acknowledgements of debt from our main defaulters and payments are being made toward recovering their debts.

Design Review

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 101 Acutts website, or email the Estate Manager(estatemangement@101acuttsestate.co.za) if uncertain about particular elements. A reminder that all alterations, especially those requiring submission to Council, must be scrutinized and signed off by the DRC at a fee of R2,500.

Estate Management /Maintenance / Environmental & Landscape

Estate Maintenance is ongoing and starting to ramp up during the Spring and Summer months

The front decking at the gatehouse has been renovated, except for the centre area which is still to be done.

The 2-maintenance staff regularly clear vegetation from our fence line that may be affecting our perimeter security.

Maintenance of Street lights is ongoing

Painting of roads markings have been completed

Electrical kiosks maintenance takes place on a regular basis

Resident Electricity Meters readings are published monthly

Cleaning of gardens, pruning of trees is being carried out by our 2 garden/ maintenance staff.

Ladybird Landscapes cuts the verges and treats these areas once a year for pests and then applies fertiliser. Ladybird Landscapes also refreshes our front gardens in spring with new ground cover.

The pathway on the northern side of the wetland is cut regularly to allow walkers to enjoy the local birdlife and the road into the forest has recently been cut by the Developer.

Residents are encouraged to beautify their verges but are reminded that the verge is governed by the look and feel of the estate. Natural stone or wood muted natural colour and indigenous flora.

A rented container has been placed at the back entrance to house tools and other maintenance equipment.

Alien plant control is taking place in the HOA common area and in the wetland by the HOA garden maintenance staff and by the Developer's teams in the areas that still belong to the Developer.

No new landscaping projects have currently been implemented due to the small landscaping budget being diverted to purchasing gardening machinery, refurbishment of the gatehouse gardens, and following the vote and decision on the Clubhouse, the purchase of some picnic tables for residents to enjoy the playground area with their children.

The playground has been reinstated for its original purpose and a water pipe and connection point is being installed in this area.

Compliance:

Dr Fusi Madela updated all the Conduct Rules, Design Review Codes and the Landscape Codes with the assistance and support of the relevant Portfolio Directors. Any queries regarding these documents are to be lodged with the Estate Manager not less than 7 days prior to the AGM. The final versions will be formally adopted at the November 2021 General Meeting.

Security:

No Security breaches have been reported.

The disorder of July was a deeply troubling time, and had a significant impact on several residents who lost a great deal. Thankfully the unrest did not find its way within our perimeter. The guarding compliment was stretched and was supported by a large number of residents who came together. Lessons have been learned and discussions are ongoing with Ensure to prepare contingencies in the event of similar disorder in the future.

The security upgrade as presented at the 2019 AGM was delivered. The total cost of funding this project is detailed in the AFS. As was stated by Mr Henri Winter in his report to the March 202 AGM "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 the Estate Manager is working closely with Ensure security to achieve and maintain effective security on an ongoing basis."

Unfortunately, the Security portfolio has experienced some difficulties in the past 8 months with the resignation of both Security Directors a few months apart, which has disrupted continuity of supervision. The Estate Manager, Mr Bryan Hart has done a sterling job by continuing to manage and report on security operations during this time.

As previously stated, the security upgrade that was implemented in 2021 placed a significant cost burden onto the Estate. For such a financial undertaking to make sense it is essential that the deliverables as contractually agreed are correct and relevant to the needs of the estate. It is also vital that processes are in place to continuously confirm that these processes and procedures are actually being delivered, and in order to achieve this an audit and review is being undertaken.

Communications :

Since April, a new look newsletter has been published and sent out to all residents and HomeOwners on a bimonthly basis. These newsletters have been well received by residents providing them with regular updates on the HOA and portfolio activities.

A more formal induction between the Estate Manager and new HomeOwners is now in place, however we are looking for any Members that would like to get more involved in welcoming new HomeOwners to our Estate. If you are interested in helping, please contact Bryan Hart.

The **My Estate Life** App (MEL) 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.

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

Clubhouse:

The issue of the provision of a clubhouse by the Developer for the use of the owners and residents of 101 Acutts is one that has been going on for quite some time. There is an undertaking by the Developer to contribute a fixed sum of R625K towards the building of the previously agreed larger 256sqm clubhouse. To complete this facility requires the HOA to fund the remaining portion of the construction, approximately R1,2 million.

In a poll of owners in September 2021, it was the majority view that the 256sqm Clubhouse build should be deferred until such time that the HOA can afford to fund the remaining portion without requiring to place the burden of a special or additional levy on the owners.

As soon as the Clubhouse drawings are approved by the municipality, the Developer has offered to begin the construction of an initial phase of the Clubhouse, up to the maximum of R625K. While this will not provide the complete Clubhouse functionality, it will provide ablutions and parking that will enhance the playground area without any immediate cost to the HOA, while retaining as much as possible the Developers investment value. This phased approach will allow families to use the playground and picnic area in a more versatile manner, and will also make the area far more convenient should residents wish to use the playground facilities for functions.

In the meantime, any remaining budget will be set aside toward this Clubhouse fund in the new Financial Year.

Conclusion :

As Covid has continued, 2021 has been a trying year for everyone, and for the HOA of 101 Acutts, we have tried to return to normalcy as much as possible. Hopefully the coming year will be easier, although we should pray for the strength to triumph over our challenges, not pray for an easy life.

We live in a beautiful safe estate and it is the intention of the Board to ensure that this continues. As members of the Association this requires effort and energy to assist. To be neighbourly, to comply with the Conduct Rules, to pay our levies on time, to help with the matters of the Committees and the Board if we have the time and the skills.

We look forward to inviting new Members onto the Board and walking this road together.