

HOME OWNERS ASSOCIATION

SONNEVELD ATLANTIS CITY (2004/010743/08)
(Association Incorporated Under Section 21)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT THE THABONG WEDDING AND CONFERENCE, PLOT 172, DENNE ROAD, RAND COLLIERIES, BRAKPAN AND VIA MICROSOFT TEAMS ON MONDAY THE 29TH APRIL 2024 AT 6 PM.

PRESENT: AS PER ATTENDANCE REGISTER

	ACTION
1. <u>OPENING OF MEETING / CONFIRMATION OF A QUORUM:</u>	
The notice of the meeting having been sent in the prescribed manner, and there being a quorum of 34 members present (15 Members in person and 19 members on line) or represented by a valid Proxy, the meeting was declared properly constituted and duly convened by Mr. Makhale.	
2. <u>WELCOME AND APOLOGIES:</u>	
Mr. Makhale declared the meeting open and welcomed those present. No apologies were received.	
3. <u>DIRECTORS PRESENTATION ON THE FIANCIAL STATUS OF THE HOA:</u>	
<p>Mr. Makhale advised the members that the meeting had been scheduled, in accordance with the decision taken at the last Annual General meeting, to provide the members with an overview of the financial status of the levy fund and the budget for the balance of the financial year.</p> <p>Mr. Makhale advised the members of the Director portfolio's that had been established and the members assigned to each portfolio as follows:</p> <ul style="list-style-type: none">➤ Chairman - Mr. Johnny Makhale➤ Vice Chairman - Mr. Kevin Mahlaule➤ Financial - Mrs. Farida Carrim➤ Safety and Security – Mr. Francis Ruele, Mr. Kevin Mahlaule and Mr. Thami Simelane➤ Infrastructure and Maintenance – Mr. Bonginkosi Ndlovu and Mr. Thato Mangane➤ Governance Matters - Mr. Johnny Makhale, Mr. Thabo Magampa and Mrs. Portia Gumede <p>Mr. Makhale confirmed that the financial year end of the Body Corporate had been corrected by CIPC and was not reflected as the 31st August.</p> <p>Mr. Makhale provided the members with an overview of constraints and challenges, detailed as follows:</p> <ul style="list-style-type: none">• “The bank balance as of February 2024 was R78 000 and whilst our operating expenditure year on year exceeded our income by far.• The Estate had negative reserve and left with no ability to service our monthly liabilities (technically insolvent)• The levy arrears account (R4.2 MILLION) was exorbitantly high and continued escalating on month-to-month basis and with no prospect of immediate recovery.• The exorbitantly high level of legal fees arising from and connected with arrears recovery efforts was unaffordable due to monthly accumulation arising from non - payment of levies. Total legal fees during the period at least 2 of half year's amount to R465 000• The Estate was exposed to legal dispute and claim to the tune of R52 000, with potential to rise just above R100 00. This emanated from the prematurely repudiation, by the then Directors, of the valid contract without legally justifiable grounds.• The bad road conditions and mushrooming of potholes is embarrassing and makes it not proud to live inside the complex. The roads remained neglected as there were no funds available to address the dire situation.• PUMA security contract had expired in January 2024, but the contractor continued providing the service without legally valid contract. This exposed the Estate to legal claim of permanence of the contract. This is insistent with our governance requirements. We have found that the security measures were hugely compromised and access control very much lacking and administrative function inside the guardroom non-existent. No adequate control in entry and egress by pedestrians and visitors alike• The Heimbrecht Security contractor had no formal contract of service entered with the HOA but continued providing miscellaneous services at the rate solely determined by the owner of the contractor. There was no written scope of work or the agreed upon fees.• The Selection Contract was silently revised and additional onerous layers of cost were inserted. Residents were never made aware of this, and no approval was obtained by then	

Directors to do so. This contract has since expired (March 2024)

- The changes needed to amend our financial year from March to August of each year, as mandated by the residents during AGM 2022, were not affected.
- The budget proposal by the previous Directors was incapable of addressing the challenges faced by the HOA."

Mr. Makhale advised the members that the following remedial action had been taken to address the above:

- Directors convened series with various individuals concerned, lawyers, service providers with the view to understanding the magnitude of the challenges faced and jointly determine an appropriate course of action.
- Payments towards legal fees were immediately put on hold to allow Directors to investigate an alternative and effective approach to arrears recovery effort.
- The functions and activities that give rise to the admin fees and other fees were immediately put on hold. Only four legal matters will be pursued in a highly cost containment environment due to the complexities associated with them.
- The unlawful and irregular repudiation of the Auxiliary service contract was rescinded and reinstated to endure for the remaining tenure of the original contract.
- Direct interaction between the Directors and the residents in arrears was forged and continues to yield positive outcome.
- PUMA security contract was formally extended for undefined period to allow Directors to install proper, efficient, and effective security measures in place.
- Heimbrecht security service was immediately withdrawn and discontinued. And outstanding invoices declined due to lack of supporting documents being made available for Directors' scrutiny.
- The Directors faced with these challenges, exercised proper prudence within the context of the MOI and resolved to, in the intervening period, introduce a special levy as from 01 April 2024 until December 2024. (9 months)
- The search for a managing agent is in progress and expression of interest document have been widely circulated for suitable service providers.
- The changes needed on the amendment to our financial year- end have been successfully lodged with CIPC and approved for implementation.
- A budget proposal has been re-drafted for your consideration

Mr. Makhale advised the members that the following remedial action will be taken going forward:

- Revision of some aspects of the MOI to create certainty and ensure transparency and accountability by the Directors.
- Conduct an audit on some properties that are apparently liable for levy payment, but currently not paying.
- Address the cause of delay in holding annual general meeting earlier than 5/6 months opportunity cost incurred.
- Developer equalization model for the current levy structures 2024/25 and beyond.

Mrs. Carrim provided the members with an overview of the arrear levy accounts and summarized the makeup of the total outstanding balance of R 3 984,080.79.

The above arrear balance is made up as follows:

- R 2,273,965.59 - Total interest charged between June 2020 and March 2024
- R490,019.64 – Total legal fees charged between June 2020 and February 2024

Mrs. Carrim highlighted the rising interest levied month on month. It was noted and emphasized that interest continues to be applied to arrear accounts when payment plans have been entered into between the HOA and the unit owner. This results in the owners becoming despondent and battling to bring their arrear accounts down/under control.

In an effort to recover monies for the HOA, Mrs. Carrim, with the authorization of the board of Directors, had negotiated a reduced interest on two arrear accounts, which resulted in the two unit owners settling their arrear balances. Investigations and engagements with unit owners are still underway to address additional arrear levy accounts.

Mrs. Carrim advised that the Directors had taken the position to pend all legal matters, except for 4 accounts (which were nearing the end of the legal process) in an attempt to reduce unnecessary costs to the HOA and afford the Directors the ability of having a face to face engagement with those owners to try negotiate a suitable settlement. As at the date of the meeting the sum of R 86 000.00 was due to be paid to Pearson Attorneys for legal fees incurred. The Directors have negotiated a settlement plan with the attorneys to pay this balance off over a period of 6 months.

Concern was raised that the write off of interest may create a situation whereby members elect to not pay their monthly levy accounts in an attempt to force the HOA to write off interest levied. Mrs.

<p>Carrim reassured the members that this situation will not be tolerated as each account will be investigated on its own merit. Owners choosing to purposefully withhold payment will not be extended any leniency from the HOA.</p> <p>Mrs. Carrim advised the members that the Directors were currently looking for attorneys that offer retainer services to assist in minimizing the financial impact to the HOA.</p> <p>Mrs. Carrim advised that the Directors had placed the billing of interest on hold for a limited period whilst they investigate each arrear account.</p> <p>It was agreed by the members in attendance that the MOI and participation rules be reviewed and a proposed amended version be presented at the next annual general meeting for consideration.</p>	
<p>4. <u>DIRECTORS PRESENTATION ON THE BUDGET FOR THE BALANCE OF THE FINANCIAL YEAR:</u></p>	
<p>Mr. Makhale advised the members that the Directors had reviewed the finances of the HOA and agreed to impose an additional / special levy for the balance for the financial year, equal to a 10% increase on the current monthly levy. This additional / special levy is reflected as a separate line item on each owner's levy account for ease of transparency. The Directors will review the financial status of the levy fund in the coming months with a view to presenting an updated budget for the next financial year, which commences on the 1st September 2024.</p> <p>Mr. Makhale advised that the Directors were doing everything reasonably possible to ensure that owners pay their monthly levy accounts and the special levy contribution.</p> <p>Mr. Makhale advised that the levies at Sonneveld Atlantis City HOA were extremely low in comparison with neighbouring complexes.</p> <p>Mr. Makhale requested that Mr. Ruele and Mr. Ndlovu provide the members with an overview of maintenance projects currently being investigated:</p> <ul style="list-style-type: none"> - <u>Security:</u> <ul style="list-style-type: none"> Cameras at the back of the complex to be operational during loadshedding Lights at the back of the complex to be operational during loadshedding Electronic updates for the access control system The pedestrian gate Procurement of a spare gate motor Vehicle license reader (this may need to be held over pending the upgrade of the guardhouse) Enhancement of the security and access control Establishment of a protocol for domestic employees, gardeners and delivery vehicles in the Estate. - <u>Maintenance:</u> <ul style="list-style-type: none"> Fix potholes (Directors are looking into alternative service providers and a phased approach. The Directors are hopeful that a decision will be taken by the end of June 2024) Stormwater drain (if any owner has knowledge of or access to an Engineer, to please assist in sharing with the Directors) General condition of unit owners dwellings – Owners to be placed on terms where necessary The repairs to the hole in Shoal street had been attended to Installation of a traffic light when exiting the complex (long term project) Lamp pole in Shoal street that is leaning is currently being replaced Trees that are obstructing CCTV cameras are being addressed. Correspondence has been directed to the owners responsible requesting that the trees be trimmed back. <p>Mr. Makhale encouraged owners to provide positive input and assistance where possible to assist the Directors in attending to projects at cost effective rates. Mr. Makhale advised that the Directors were currently investigating the use of a complex email address so that owners can engage with the Directors on one platform.</p> <p>Mr. Makhale advised that the Directors would be distributing a quarterly newsletter. The WhatsApp group will be updated whilst attending to the updating of the access control system.</p>	
<p>5. <u>CLOSURE OF THE MEETING:</u></p>	
<p>The members in attendance thanked the Directors for the information provided and for their dedication to the HOA. There being no further business to discuss the meeting was closed at 8:34 PM</p>	

CHAIRPERSON: _____

DATE: _____