



**MINUTES OF THE RE-CONVENED ANNUAL GENERAL MEETING
OF CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION,
HELD AT CROYDON VINEYARD ESTATE,
ON THURSDAY, 30TH MAY 2019 @ 18H00**

MEMBERS PRESENT:	In Person	38
	By Proxy	26
	Total:	64
	Persons entitled to vote	185

Late attendees: Michael Prinsloo
Stiaan Snyman
Jacques Rossouw
Tinus Neethling
Rodney Maharage

THE MEETING COMMENCED AT 18H05

1. WELCOME

The Chairperson, Arnold Bell welcomed the members present.

The previous Trustees were thanked for what was a difficult and challenging year and for setting the platform for the interim Trustees, due to the re-run of the previous AGM held on the 10th January 2019.

2. APOLOGIES

Chris Graham; Wilma Bruynsteen; Leo Bender; Darryl Haskis

3. APPROVAL OF MINUTES OF THE A.G.M. HELD ON 10TH JANUARY 2019

PROPOSED: Geoff Els

SECONDED: Lynn Watson

4. ANNUAL REPORT

Arnold Bell highlighted the objectives of the past financial year and reported on the list of tasks carried over from the last financial year together with a progress update inclusive of the day to day running of the Estate.

- a) WineCo / HOA amalgamation impacted by liquor license and VAT/TAX implications – decision is required during the course of the new financial year
- b) Constitution to be reviewed, a number of changes to be made in line with fit for purpose

QUESTIONS

Rob Francois Need to get more Homeowners to represent themselves at these meetings
We can't have meetings representative of 25% to 30% of Homeowners

PROPOSED: Brendan McIlMurray

SECONDED: Helen Krouse

5. PRESENTATION OF THE HOA BUDGET FOR 2019/2020

Two budget information sessions held. Questions asked and answered were circulated to all Homeowners
Levy increase initially set at 11.3%. After considerable review and taking into account the basis of the Reserve Fund, currently at R2.2m cash value with the anticipated WineCo injection into the Reserve Fund of R1.6m, it was possible to reduce the levy increase. Cognizance also needs to be taken of the fact that the previous 2 years levy increases were not in line with inflation.

Levy increase 9.8% / R255

New monthly levy R2 875-00

There is a "Wish List" which is defined by wants (not necessarily to be done this year) and needs (is required and needs to be done)

QUESTIONS

Rob Francois

(Comment/Statement)

There are guidelines as to what a Reserve Fund should be / a percentage of your levy intake

Arnold Bell

Not for an Estate of this calibre, however Sectional Title is mandatory (100% of annual levies). CVE use the MRP 10 year plan relative to the infrastructure and a potential emergency, in terms of a substation blowing up or a road collapsing for example, R3m therefore seems reasonable to maintain for our Reserve Fund. This can be reviewed annually

Rodney Maharage

A little bit concerned because the last time we met as Trustees the number of R2.8m was available. For R700 000 to be called a fly in the ointment – how did we get that wrong? Then there's this perception of money that could be available over a three year period from WineCo which is a substantial amount - R2.8m plus R1.8m, we sitting at R4.6m, R3m is what that number must be, but what you said earlier maybe R2m. I think an Estate like this, if we are not governed by the rules of Sectional Title, we should put in our own governance standards and 50% should be the minimum and should be part of a business plan. If we can have a maintenance plan for 5 or 10 years, we should have a business plan dealing with what our Reserve Fund should be. Quite frankly that Reserve Fund has to be 50% because we are living in a world of eventualities and they just jump on top of us, but R2m is going to get us nothing.

Arnold Bell

That's why at 50%, R3m at the present moment is what we are going to get back to. The Reserve Fund is not static. It's almost used as a bank account to take funds out of and the reason is for instance, this coming year R550 000 approximately will come in from the levies and that will under normal circumstances go straight into the Reserve Fund. However it doesn't come in in one lump sum, it comes in each month. If we have no other costs that will happen, that's the bottom line. If we stick to the budget and we have no unusual expenditures, that money will find its way back into the Reserve Fund.

We've got a situation with WineCo and we've sat down with them and discussed what their plans are - being three years and they will pay their own way so to speak, the normal running expenses every month. They haven't been able to do that because they haven't been making a profit and they've had a problem there. That money that was previously used that came in from the levies that could be deflected which hasn't been done, we used that to finance our own winery.

I agree we must get back to R3m and we must get there as quickly as possible. We are looking at 3 years but it certainly might be quicker than that. WineCo are looking to settle their loan account of R1.9m within 3 years. If we were to get that, we will have much more than the R3m than we need.

Casper Steenkamp

I totally support what Mr Maharage says.

What is of concern to me is that to say we have a budget of R7.1/R7.2m, over and above that, you have a list of must do items you've got to spend out of the Reserve Fund. Now my understanding of our Constitution is that annual maintenance and the annual costs should be included in the levy and should not come from somewhere else. The members should be paying for that, so I have a concern when you say we have a 9.8% increase, but guys the reality is that we going to spend another R800 000. Somewhere along the line there is something wrong in that logic. I'm just saying, if we need to replace all these chairs next year, it should be in the budget for next year. There can't be a wish list that's not in the budget.

Arnold Bell

What I can say in that particular case is if you see what has to be done, you will see it is not the normal situation like you are talking about. These are 3 particular items which don't fall under normal maintenance and fall under budgeting for the year

Casper Steenkamp

If they don't fall under maintenance do they fall under capital, which is the only other item it can be – maintenance or capital. If these items are of a capital nature, there should be a special resolution for them

[Trustees referred item for legal opinion]

Arnold Bell

I have in fact discussed this with the other Trustees and said that we cannot vote on these items now as we have to have a special resolution

[Trustees referred item for legal opinion]

There is a necessity list indicating priority 1 and priority 2.

The first one is not necessarily a maintenance item but from a security point of view it is needed. That is the cabling that goes to the cameras – fibre cabling.

Casper Steenkamp

I would agree with that, but you would need a special resolution or a special levy to cover that

[Trustees referred item for legal opinion]

Arnold Bell

The next item was put in there, the R996 000. That was voted on 3 years ago. That is the residual from the amount of money set aside to be spent on landscaping. The problem is that we don't physically have that kind of cash so we as the Trustees are not going to spend that, we will spend some of it but we certainly aren't going to spend that, so whatever resolution, we will put to the members what we are going to do and what it is going to cost. As much as that was voted on, we cannot go through with it.

The third and final item is barrels – R100 000 is needed for barrels. WineCo essentially belongs to us. We have a duty in terms of the Constitution to make sure that they have a viable operation. What we have in fact done previously is loaned them the money. We can't in fact do that as that loan account is not being paid back and there have been discussions with the Auditor that those should come back into the HOA. In fact we've just paid out R200 000 for barrels recently. We need to relook at that so have put the R100 000 down again.

We need to hear what Grant has to say about the Landscaping. There are certain things we have to do. We haven't touched the berms for years for good and sufficient reason. We have to do the berms.

I can't give you the figures, but let's say R120 000 on the fibre cabling, R400 000 on Landscaping and R100 000 on barrels. That's the kind of numbers we are looking to get resolution on and everyone accept that's what we are going to do.

[Trustees referred item for legal opinion]

The reason I'm mentioning it is because that will have to come out of the Reserve Fund. We (the Trustees) could make a Resolution that we will not spend the money until we receive money in terms of levies or the money from WineCo that will assist us. The only problem is that we have to certainly do the Landscaping. We have to get the berms done – it is a must.

These items will be done in the form of a Resolution and voted on. The other items can be done over the next couple of years.

QUESTIONS

Rob Francois

On the list is fire protection in the Wine Lounge – is that an insurance issue?

Tobie Esterhuyzen

We've had an issue with the smoke detector which has been disconnected. I've spoken to the insurance company and it is not going to affect our insurance cover in the interim until we are able to re-look at it the future.

6. APPOINTMENT OF AUDITORS

We would like to get approval for them to be appointed again

Rob Francois

Based on the fact that they've been here a long time is not a good thing

Arnold Bell

Last year we obtained quotes from a number of Auditing companies and Exceed were in line with exactly what we wanted

Jacques Rossouw

Can I also comment, there is some inherent knowledge and understanding of our unique working wine farm

PROPOSED: Luigi Petra

SECONDED: Jacques Rossouw

7. GENERAL

a) An open forum was held on the 16th April 2018 and the suggestions made by those whom attended will be circulated to residents (available on CVE website).

The recommendation is to have 2 open forums annually.

b) An Electrical Committee to be initiated (generator functionality and sustainability etc.)

c) A Water Committee to be re-instated

d) Aesthetics Committee to be initiated to deal with the grey areas which fall into the category of "unsightly objects" e.g. water tanks, air cons, wash lines, generators, dolls houses, etc

e) As far as WineCo is concerned, this is the presentation put forward by Chris:

CROYDON

Vineyards

Year-end figures look very positive, while the books have not been closed we are expecting it to be a profitable year.

Prestigious awards have driven interest in the range, raised the profile and this is converting to sales.

We are securing premium customers and will begin a more focussed social media campaign in the coming months.

Stock levels are healthy - over 31k bottles (Value terms almost ZAR 1,2 million - this excludes bulk).

The Wine Co Team is very energised and looking forward to the successful year ahead, with the support of the HOA and its members.

LANDSCAPING (Grant Hatch)

3 year Landscaping plan included addressing the road from the entrance down to the Lifestyle Centre which has pretty much been completed except for one small part as yet – the side that’s just got an agapanthus bed. To complete that, will include additional plantings but not dig up the whole bed and do an elaborate bed like the other side. There is some work to be done on the irrigation and there is some work to be done on the planting. Given the constraints on cash flow, we will probably not look at that this year but that will eventually complete the beds up to the Lifestyle Centre. The primary focus this year, we will update the plan that was put in place originally, is to do plantings on the berms and upgrade the irrigation along the R102, that is the key priority. The second phase is to focus on the upgrade of the berms along the section of Kramat Road which is not as large as the upgrade along the R102. Oom Ben and his team have planted a lot of olive trees which is not what I would have chosen but they have done pretty well and the third phase of the berms we will get to 3 years from now, which will be the berms above the dam. That’s less of a priority because it is reasonably well planted already and it’s not right next to houses. Grant has actually asked Oom Ben to quote on some of these things. We have received quotes from external providers, however we are going to try and do a lot of the work internally and create a nursery, buy in plants and aggregate them to upgrade the berms. The laterite path we are also going to try and do internally ourselves to try and bring some of these big costs down. The last part is looking at some of the water issues but that is also a separate issue, looking at different water processes, looking at Municipal water and borehole water to keep down

costs but what we do need is the water. What we are not going to be doing is planting berms and watching it die like we've done over the last few years, particularly during the summer months between January and March. When we get to winter they actually need to be drained to be effective. But what we need to do is plant the berms correctly to screen off the houses on the edge of the Estate because as the traffic grows we need to screen out that noise. That should be done from an ascetic and noise point of view. That's the Landscaping plan over the next three years.

8. ELECTION OF NEW TRUSTEES

Arnold Bell	Finance
Chris Liddicoat	Administration; Staffing; WineCo
Grant Hatch	Environment; Landscaping; Vineyards
Leo Bender	Communication; Governance; Legal; Marketing
Marty de Kock	Security
Rob Francois	Gym; Lifestyle; Wine Lounge; WineCo
Rob Watson	Architecture; Maintenance; Utilities

9. CLOSURE

The Chairperson thanked all the Homeowners who attended and those that submitted proxies.

The A.G.M. closed at 19h15.