



(ASSOCIATION INCORPORATED IN TERMS OF SECTION 21)

MINUTES OF THE THIRD ANNUAL GENERAL MEETING OF MEMBERS HELD AT THE ISLANDS ESTATE ON 31ST JULY 2010 AT 10:00.

1. OPENING AND WELCOME

The Chairman welcomed all members and interested parties and Frans Joubert opened the meeting with a prayer.

2. NOTICE CONVENING MEETING AND QUORUM

The Chairman stated that notice of the meeting had been given to all registered owners by means of registered mail, dispatched between the 8th and 9th July 2010, as well as notification via e-mail and SMS's which constituted sufficient notification.

3. APOLOGIES AND ESTABLISHMENT OF QUORUM

3.1 Verbal apologies have been received from the following members: N. Basson, B. Reynolds, J.E.P Cartwright, G.v Zyl, J.P Botha, W.F Gerber, H. Brits and N. Ferreira.

3.2 No written apologies were received

3.3 The Chairman disclosed the statistics established by the registration desk.

Proxies received:

E. Swart for G. Isherwood (2 stands/2 votes)

J. Kruger for R.E. Darlow (2 stands/ 2 votes)

T.T. Ohn for M.A.K. Ohn (1 stand/ 1 vote)

The Nic Trust (M.K. Miligan) for C.P.J Du Toit (2 stands/ 2 votes)

D. G. Lubbe for C.P.J Du Toit (1 stand/ 1 vote)

J.E.P Cartwright for G. Isherwood (2 stands/2 votes)

According to the Memorandum and Articles of Association one quarter of members entitled to be present in person or by proxy is required to establish a quorum.

The figures presented by the Registration desk were:

People representing 130 memberships out of a possible 494 were present in person or by proxy.

The Chairman thereafter declared a quorum and proceedings continued.

- 3.4 The chairman explained the voting process to be done by way of show of cards indicating the number of votes on each members voting card.

4 CLOSING OF THE AGENDA

- 4.1 The Chairman stated that the following written points of agenda were received from Mr T. Wagner and Mr G. Isherwood additional to those on the agenda:

- 4.1.1 Timeline for building the clubhouse
- 4.1.2 Building penalties for next year
- 4.1.3 Architectural Guidelines

- 4.2 The Chairman then invited additional points for agenda from the floor. The following points were requested by attendees to be added to the agenda:

- 4.2.1 Timeline for Telkom lines to be installed
- 4.2.2 Timeline for developer to pay levies

- 4.3 The Chairman further placed four motions on the agenda:
The wording of the proposed motions was read to the meeting, as follows:

- 4.3.1 Granting of a moratorium on levy penalties until the 28th February 2012 where after a 100% penalty will apply doubling every consecutive year. A credit is to be passed for levy penalties charged up till now.
- 4.3.2 A 20% reduction in levies will be granted to stand owners that have received their HOA occupation certificates before 28 February 2012. The 20% reduction will remain in force from the date that the occupation certificate is issued until 28 February 2012.
- 4.3.3 To encourage members to build, a 30% rebate in plan application fees will be granted on all applications received within the next 6 months as from the 31st July 2010.
- 4.3.4 The development period of the developer will end by mutual agreement at the AGM of 2012 when the clubhouse should be completed.

- 4.4 The Chairman further add the following points for information purposes:

4.4.1 Security feedback

4.4.2 Electricity service provider (Voltano)

The agenda was closed and the meeting commenced.

5 CONFIRMATION OF THE MINUTES OF THE SECOND ANNUAL GENERAL MEETING

The Chairman proposed that a motion be tabled for the adoption of the minutes. Proposed by Mr R. Burger and seconded by Mr H Meyer. The minutes of the Second Annual General meeting held on 25th July 2009 were confirmed and signed as being a true record of the proceedings.

Matters pursuant from the agenda were discussed and confirmed to be incorporated into the agenda of this meeting where relevant.

6 INTRODUCTION OF BOARD OF DIRECTORS (BOD)

The following directors were introduced with reference to their current portfolios:

Mr. Charl du Toit	(Chairman Aesthetic and Maintenance)
Mr. André Burger	(Finance and Administration)
Mr. Niel Basson (in his absence)	(Operations)
Mr. Dries Pretorius	(Communication)
Mr. Roelf Burger	(Security)
Mr. Peet van der Merwe	(Operations)

7 INTRODUCTION OF HOA STAFF

The Chairman introduced Gert Nel (Estate Manager) whereafter the following Employees of the HOA were introduced with reference to their designations:

Martin Ferreira	(Technical Manager)
Elize Brits	(Administration)
Plasie Loots	(Maintenance Foreman)
Sarah Makulane	(Tea Lady)
Juliao Bule	(Maintenance)
Robert Masemole	(Maintenance)
Carlos Chauke	(Maintenance)
Gabriel Kgaswane	(Maintenance)
David Khoali	(Maintenance)
Abram Maake	(Maintenance)
Richard Khoza	(Maintenance)
Robert Mogale	(Maintenance)

Solomon Mbewe (Maintenance)

8 CHAIRMAN'S REPORT

Mr. G. Nel presented the report (as had been published in the Notice of the Meeting) of the Chairman of the Board of Directors of the Islands Home Owners Association, Mr. Charl du Toit.

Gert then introduced Frans Joubert (Architect), the representative of the Aesthetical Committee, who then addressed the meeting on the technical aspects of the Aesthetical Committee as being applied in The Islands Estate. Frans explained certain difficulties being experienced when plans have to be considered for approval. He also mentioned that a tendency is created to move away from exclusively "Bali Style", and rather encouraged good and outstanding architecture in general. He also introduced the items in the Rules of the Aesthetical Committee that are currently undergoing amendments and enhancement. He also reminded of certain amendments in Building Regulations and Legislation that were scheduled for promulgation later in the year, and he then explained the impact of those amendments and the consequential impact on the Estates' Aesthetical Rules. Aspects of "green" Architecture were briefly discussed. Frans concluded that the Architectural and Aesthetical Rules will purely be applied in order to protect the investment of each owner in the Estate.

The Chairman then undertook that the new amended Rules will be circulated among members for their input before the implementation thereof. Feedback must be received within 2 weeks from the distribution date. The meeting expressed their approval of the process. The Chairman also invited members to attend meetings of the Aesthetical Committee, as those meetings are open meetings that may be attended by members.

Certain questions were raised regarding building line encroachments. Certain Owners have been requested to bring the wall heights down to 1,2 not 1,8 m. Gert confirmed that the currently applied rule is that between boundary line and building line a wall up to 1,2 m is allowed.

9 FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS

- 9.1 The Audited Financial Statements as at 28 February 2010, as published in the Notice of the Meeting, were presented by Mr. Pierre Cilliers of Cilliers Auditors Incorporated.
- 9.2 Several questions were put forth from the meeting, which were answered and explained by Mr. Cilliers, which matters related to *inter alia*:

- 9.2.1 Question: Trade and other receivables have increased from R914k to R2951k which represents 58% of annual levies. This is a serious matter and is impacting negatively on our cash flows which have declined from R538k to R97k. Please explain who the major offenders are. Answer: Main offenders are Autumn Star Trading (Pty) Ltd, Baybridge Canal Phase 2 Ltd, Humphries, Mrasie and Radius Projects CC. An overhead projector slide was then presented to the meeting clearly reflecting the main debtors.
- 9.2.2 Question: How much does Baybridge Canal's developer owe the HOA and is the amount recoverable? What legal action has been taken against the offenders? When do we expect to recover the outstanding monies? Answer: The levies outstanding amounts to R 3, 32 m. Mr André Burger explained the status of the legal proceedings. It was mentioned that the properties of the main offenders have been attached under judgement by the HOA, which are scheduled to be sold in execution on the 20th August 2010 at the offices of the Sheriff of Brits. The legal process has thus taken its course. All vacant stands in Baybridge Canal Phase 2 Ltd and Autumn Star Trading (Pty) Ltd will be sold in execution. There would be no reserve price, and the HOA is a secured creditor.
- 9.2.3 Question: Please explain the significant increases in the following 2010 expenses compared to 2009: Employee costs; Electricity/water; garden maintenance, infrastructure maintenance and security? Answer: Employee costs make provision for the newly appointed Technical manager. The first electricity accounts were received in March this year from the City of Tshwane. The garden maintenance was previously carried out by the developer's contractor on a cost plus basis. The current garden service provider was appointed after a tender procedure which now includes a full maintenance contract. The entire Estate's maintenance is now managed by the HOA, including the cutting of grass on all stands. Security was upgraded to a higher and improved level with more guards patrolling and a permanent Security manager on the Estate.
- 9.2.4 Mr. André Burger further presented explanations on further questions raised, and tendered further detailed information on the background of certain financial aspects, i.e maintenance, infrastructure, sewer improvements, management fees, etc.

- 9.3 A motion was verbally tabled for the adoption of the audited Financial Statements as at 28 February 2010, which motion was proposed by C. Zaayman and seconded by Mr J. Maritz, and was unanimously accepted by all present.
- 9.4 A motion was put forth for the approval of the auditor's remuneration, which was proposed by Mr. Martin Nienaber, and seconded by Mr. Wagner, which motion was generally accepted.
- 9.5 Cilliers Auditors Incorporated was re-appointed as auditors for the next financial year.
- 9.6 The insurance schedule with asset replacement values for the next year was accepted.

10 DOMICILIUM

The following address was accepted as *domicilium citandi et executandi* of the HOA for all purposes required in future, until amendment thereof.

*CATS Corner Suite C1
Cnr. Hendrik Potgieter / Albert Street
Weltevreden Park Extention 12
ROODEPOORT
1724*

11 CONSIDERATION OF THE BUDGET FOR 2010/2011 AND LEVIES

- 11.1 After discussion, the Capital Expansion Budget was approved as included in the notice to members.
- 11.2 The increased levy (R970 excluding VAT) for the 2010/2011 financial year was accepted by all.

A motion was proposed by Mr. M Nienaber for the acceptance of the 2010/2011 budget and Mr. G Coetzee seconded. The meeting unanimously adopted the motion.

12 ELECTION OF DIRECTORS

Two vacancies existed on the Board of Directors of the HOA. Nominations received in terms of Article 14.1.2 of the Association were:

Mr. C.P.J du Toit and Mr. N. Basson, nominated by Mr. P.J.van der Merwe and seconded by Mr. J. du Venhage.

Both nominees were unanimously re-elected by the meeting.

13 SECURITY FEEDBACK

Mr Danie Jordaan from Protea Coin Group (Pty) Ltd addressed the meeting on security aspects concerning the Estate and the area surrounding, and informed the meeting on the crime statistics and hi-jacking hot spots in Sector 2. He also addressed the meeting on his company's ability to address a variety of situations that may arise on and around the Estate.

14 ELECTRICITY PROPOSAL (VOLTANO)

Phillip Uys (CEO of Voltano) addressed the meeting and explained their services as an Eskom accredited electricity Services Company, and advised the meeting to consider the privatisation of the management of the Estate's electricity supply.

He further reported on Midstream Estate where they've (Voltano) took over the electricity supply management of approximately 2000 households 4 years ago. With the substantial increase in electricity tariffs is just make sense to pursue ways to manage electricity consumption in a clever way which is just what VOLTANO enable the homeowner to do.

They explained that their method of operation is to take over the electricity supply from the Council, they become the client to the Council, and then they become the electricity service provider to the Estate, regulate the electricity supply to the Estate Owners , by means of improved systems, controls, metering, maintenance, etc. under the conditions of their service level agreement with the introduction of smart electricity meters which enables two-way communication between consumers and the power company, it is expected to help lower demand for power during peak periods, which will lighten pressure on Eskom's reserve capacity. This will benefit both the HOA and homeowners. They also presented on the equipment and methods used by them in the provision of their services and typical situations dealt with. Furthermore they addressed the meeting on how their billing systems, debit order sytem etc, operates.

A short debate ensued as to the comparison between the value addition of the above proposed services, *vis-a-viz* prepaid meters. The Chairman suggested that an informal committee be appointed to further investigate the issue and advise further on the aspect, and also invited all those with expertise in the field to ensure their attendance on the committee.

15 MOTIONS ACCEPTED

The four motions (stipulated in 4.3.1 to 4.3.4 above) were put forward for approval and lengthy discussions regarding the contents ensued. During these discussions Mr. Isherwood

raised a concern that the Developer is evading payment of levies and HOA directors made unilateral decisions without consulting members and further mentioned that his contract of purchase of his property states a different situation regarding the development period of the Developer. The chairman commented that no unilateral decisions had been made by the directors and the matter is openly placed before the members for decision on that day. The chairman further requested comments from other members who felt the same. The concern was answered by Mr. Burger to explain that the development period of the Developer had been the same since formation of the HOA Section 21 Company and no amendments had ever been made. Mr. Burger emphasised that these motions are now tabled in order to clarify all and any concerns that may still exist, and that it is for the meeting to make decisions regarding the issues at hand. Other members commented that certain personal issues of members are to be pursued individually and urged the meeting to continue on issues concerning all those present. The meeting expressed the feeling that the issue regarding the liability of the Developer's for levy payment is a private matter and does not concern the HOA.

In the interest of time and with the consent of the proposer and secondant, changes to motions 1 and 4 were made where after all four motions were generally accepted. The adopted motions read as follows:

- 15.1.1 That a moratorium be granted on levy penalties until the next AGM when a decision will be taken regarding the penalty levies. A credit is to be passed for levy penalties charged up till now.
- 15.1.2 A 20% reduction in levies will be granted to stand owners that have received their HOA occupation certificates before 28 February 2012. The 20% reduction will remain in force from the date the occupation certificate is issued until 28 February 2012.
- 15.1.3 To encourage members to build, a 30% rebate in plan application fees will be granted on all applications received within the next 6 months as from the 31st July 2010.
- 15.1.4 The development period of the developer will end by mutual agreement at the AGM of 2012 when the clubhouse must be completed.

The Chairman then referred to the Telkom lines issue, and confirmed that there had not been any Telkom lines installed as at that date. A satellite alternative could be considered in the mean time, as Telkom would only consider the installation of lines when the improvement ratio on the estate increases.

16 CONCLUSION

The chairman thanked the members for their attendance and the meeting was adjourned at 13h20.

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C.P.J. du Toit
CHAIRMAN

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DATE