

WATERKLOOF VILLAGE HOME OWNERS ASSOCIATION

(Section 21 company, reg. no 1995/000684/08)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”)

**HELD ON WEDNESDAY, 22 NOVEMBER 2023 AT 17H30 IN TH CARL JEPPE ROOM
PCC**

1. WELCOMING

The Chairperson welcomes all in attendance to the Extraordinary General Meeting (“EGM”) and thanks members for their participation.

2. ATTENDANCE

Notice of the “EGM,” including Special Resolution 1 was circulated to members on 27 October 2023, which date was 17 working days prior to the scheduled date – the MOI requires 15 working days’ notice.

For a quorum to be constituted, at least 25% of the total amount of members needs to be present (17 members). Stephan Barac verifies that 16 members are physically present, while 16 members will be voting by proxy i.e. a total of 33 members.

A quorum being present, the Chairperson declares the meeting duly constituted and open.

3. PURPOSE OF MEETING

The sole purpose of this meeting is to discuss and vote on Special Resolution 1, whereby the Board has proposed and tabled a special levy to be raised to maintain a healthy reserve fund. A minimum of 75% support of the total votes is required to adopt the Special Resolution 1.

4. DISCUSSION OF SPECIAL RESOLUTION 1

The Chairperson states that the top priority of the WKV Board is the security and safety of Waterkloof Village (WKV) and all its residents. An independent security expert had identified the two main security risk points as being the main gate and the perimeter at the dam, and the WKV board had decided to implement the majority of the measures formally recommended to mitigate these security risks.

The costs to implement the recommendations are however unforeseen extraordinary costs, as the associated expenditure had not been included in the approved budget for the current financial year (2023/24). These unforeseen extraordinary costs have been funded from the WKV reserve fund.

Before the Special Resolution will be put up for voting, the Chairperson opens the floor for comments and/or questions.

4.1. Eloff Brink had circulated concerns via email some 45 minutes prior to the commencement of the meeting, and he proceeds to present same for consideration:

A) In terms of the month-to-month oral lease agreement between the WKV and the City of Tshwane (“CoT”), no improvements may be done on the relevant two pieces of land without the written approval from the CoT parks division. The WKV is also not permitted to completely enclose the area, as the two parks must remain public open space and no person may be prohibited from entering the two parks. This lease agreement can be terminated by CoT upon 30 days’ notice, and should this occur, WKV will forfeit all infrastructure betterments.

Johan Willemse asked Eloff Brink if his objections are aimed at not to have security fences on the rented properties. Brink replied in the affirmative because, in his opinion, all owners should individually safeguard their homes. Johan Willemse wanted to know from him why he did not raise the objections of fences at Board level when he was a member of the Board. He replied that he did so on numerous occasions but to no avail.

B) Eloff Brink secondly refers to the servitude with the CoT in the area where the main access gate (with no building plans and no occupation certificate) is situated. In terms of the Deed of Servitude, WKV is only provided with a right of way over the dog park and has been obliged to permanently close the servitude area. He suggests another security measure would be to permanently close the gate allowing access to the dog park, which should not have been installed in the first place. Brink also notes that no improvements may be affected in the servitude area, so infrastructure including the generator and gate motor could be forfeited.

The Chairperson responds that the gate to the Dog Park is controlled by WKV, upon request from “friends of the park” and CoT. The Chairperson informed the meeting that the land on which the guardhouse is situated would shortly be transferred to WKV.

C) Regarding the Pretoria Country Club (“PCC”) lease, Eloff Brink states that the sole purpose for using that portion of land is to lay out gardens, establish trails and lookout hides for bird viewing within the reasonable specifications of the lease and may not be used for any other purpose without the prior written consent of PCC. WKV is further not allowed to put up a complete barrier at that portion, as all members of PCC has the right to access through that gate into WKV. Upon termination of the lease, any gardens and improvements made by WKV will become the property of PCC without compensation.

The Chairperson comments that an amendment had been made to the PCC lease, whereby WKV had been permitted to manage and control the access to and from PCC via the gate.

Further in response to the above concerns, the Chairperson confirms that the additional security measures will not entail installation of permanent fixtures that can never be removed. The measures merely include additional security cameras, replacement of existing security cameras, beams, guards, and additional electric wires on the fence that is already in place. Stephan Barac also notes that regardless of where the security improvements are done – be it in the servitude or rented areas, or at the legitimate fence lines, this does not make a difference in the unforeseen and extraordinary expense required to implement the recommended urgent improvements and upgrades.

- D) With reference to Clause 1.11.1 of the MOI, Eloff Brink states that the security expenses of over R1 million are not mandated, seeing that the Board does not have the power to exceed the approved budget. Eloff Brink encourages members to vote against the resolution, which would hold the Board responsible in their personal capacities for these additional expenses and actions that will follow from that.

Johan Willemse differs from Eloff Brink in that the MOI does authorise the Board to incur costs in respect of unforeseen extraordinary expenses, such as the urgent security measures advised by the independent security expert. However, in order to finance such extraordinary expenses, not out of reserve funds, but additionally from members by virtue of an additional levy, a special resolution is required, which is the sole purpose of this EGM.

- 4.2. Ronan Oelofsen raises a question regarding the first item tabled in the resolution - the operational expense (approx. R220k per year) to appoint a fourth security guard. The member is concerned that the guard would be paid from the special levy, but the costs to retain him would be recurring going forward.

Steven Barac explains that the additionally appointed guard needs to be remunerated over the last few months of the current financial year, which expense did not form part of the budget and was accordingly included in the Special Resolution proposing a special levy. The contract with Fidelity Security Services will increase and provision will be made in the Operational Expenses budget to pay that guard going forward.

- 4.3. Both Eloff Brink and Franta Pour note that the issues arising from the intruder into WKV who broke into one of the villas were directly linked to Fidelity Security Services (FSS) failure to send out armed response when the beam was triggered. They want to know why the additional security measures proposed by the independent security expert is necessary,

considering that the security breach occurred because of FSS's failure to perform its contractual obligations.

R120000 was recovered by WKV as damages due to the breach of contract on FSS part and additions to the FSS contract would be negotiated.

The Chairperson explains that the incident pointed out the significant security risk posed by the dam. It is for that reason that the independent security expert was procured - to identify and evaluate the key security risks, which according to the formal evaluation and recommendation are the main gate and the dam perimeter. Although the board of WKV cannot give 100% guarantee that crime will never occur within WKV again, the expert's firm recommendations to try and circumvent any further break-ins need to be implemented as a matter of necessity in order to make WKV an unattractive target for potential criminality. One of the recommendations to be implemented is the introduction of the MYSOS facility to be used by the guards when any form of suspicious activity is detected. This facility will deploy the five closest armed response units from five different security companies to WKV with the press of a button on a remote unit.

Genevieve Marks points out that measures to improve security goes far beyond the incident involving FSS's breach of contract, and the Brooklyn police station has the highest reported incidents of break-ins and armed crimes in Tshwane. The Board agrees with Eloff Brink's sentiments that individual residents also have a responsibility to secure their own homes, but security of the common property and especially at the perimeters of WKV remains the responsibility of the Board.

- 4.4. In response to a further question, Stephan Barac confirms that, as part of his first budget cycle on behalf of the Board, the investigation of savings within the budget would be prioritised. The biggest expenses for WKV pertain to security and gardens, which contracts can only be negotiated to a certain extent to avoid too many compromises. Stephan Barac reminds members that unforeseen expenses not budgeted for, often arise when the WKV's maintenance and infrastructure suddenly needs to be upgraded or replaced specifically considering the age of WKV. This is why WKV must build up and maintain a healthy reserve fund to avoid having to raise special levies going forward.
- 4.5. The Chairperson lastly reminds members of the 17-day notice period given for members in which discussions, questions and comments could have been forwarded for consideration. He further indicates that EGM's such as this is not the correct platform to campaign members' own ideas and/or opinions, and that it is inappropriate for one individual to expressly tell other members how they should vote on resolutions.

5. VOTING: SPECIAL RESOLUTION 1

The Special Resolution proposing the raising of a Special Levy is put to the vote.

Of a total of 34 votes, 22 votes were in favour of the Resolution, 11 votes were against, while one member abstained.

The required 75% votes to approve the Special Resolution was not obtained, the Special Resolution is accordingly not approved.

The impact of this is that the security project, as approved by the Board, will continue to be implemented and funded from the WKV reserve fund, which has been put in place to cover unforeseen and extraordinary expenses. Due to this, Stephan Barac indicates that WKV reserves will amount to only 25% of the total levies raised. To remain within the general standards of Sectional Title Schemes and Homeowners Associations, the WKV Board will aim to again increase the reserves, so that it will amount to at least 40% (R2 million) of the total levies raised. Between R600k and R700k will be specifically required for the WKV reserve fund over the following few years to reach the required levels. As a result, members should anticipate that approximately an additional R1000 pm to be charged to their levy accounts. This will be considered in the 2024/25 budget and budget planning process.

6. GENERAL BUSINESS & OTHER

The Estate Manager (Leon Baasden) will be leaving WKV. The Chairperson thanks Leon Baasden for his 10-year commitment and dedication to the well-being of WKV and its residents. Leon Baasden is praised for his distinguished professionalism in dealing with members, tenants, visitors, and contractors within WKV. The Board wishes Leon all the best with his future endeavours and hands him a token of appreciation on behalf of all Villagers.

In response to a question from Andre Roberts, the Chairperson confirms that the replacement for a new Estate Manager from RealGreen has been finalised and a communique would be circulated shortly in this regard.

There being no further business, the meeting is adjourned.