THE COVES

NATURALLY PERFECT

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE COVES GOVERNING BODY NPC HELD ON SATURDAY, 5 NOVEMBER 2022 AT 09:30 AT THE BARN, THE COVES**

PRESENT
As the per attendance register.

Minutes
The minutes were recorded by Ms Kathy O'Connor (Admin Pro).

1. **WELCOME AND APOLOGIES**

The chairman, Mr JP Fourie welcomed members to the Annual General Meeting of The Coves Governing Body NPC. The Board of The Coves was introduced to the meeting: Messrs Donn Bruwer, Lourens van Niekerk, Zach Mostert, James Moodie, Gunther Stöger, Andrew McGregor and Mesdames Nxalati Tshabalala and Tebogo Mazwi. Also in attendance were Mr AJ van Rensburg (estate attorney) and Ms Caieta Grobler (estate manager).

No apologies were noted.

For record purposes, members were requested to clearly state names and stand numbers when addressing the meeting.

2. **ESTABLISHMENT OF A QUORUM**

DPA Accountants confirmed that in terms of the memorandum of incorporation ("MOI") the necessary quorum for the meeting was present.

Attendance as follows:
153 members present in person or by proxy, made up of 54 sectional title units and 99 freehold properties (representing the exact split of the Estate between sectional title and freehold).

The meeting was declared properly constituted and officially opened.

3. **APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 6 NOVEMBER 2021**

The chairman called for a proposal that the minutes be taken as read and approved.

Seconded by Mr Nigel Henderson (129 Mountain).

Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.

The chairman declared that the minutes as tabled were approved with no amendments.


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## 4. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS INCLUSIVE OF THE CONSIDERATION OF THE ACCOUNTS OF THE COMPANY FOR THE PRECEDING FINANCIAL YEAR

The financial statements were circulated to members.

Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.
Two main concerns were raised at the meeting namely the increased legal fees and decreased farming income.

The chairman asked Mr AJ van Rensburg (estate attorney) to address the meeting to discuss the legal cases that caused the high legal expenses.

Mr van Rensburg stated that there were three main issues that needed legal recourse.

The first involved whether or not the board had been duly elected at the previous AGM. This challenge was referred to senior counsel and the outcome was that the board was eligible to act as the board for the Estate.

The second concerned social media posts by a member. A meeting was held with the member and although it appeared that the matter had been resolved, the member thought otherwise, and the post remained on Facebook. It was then necessary for legal intervention and when it was opposed, a mediation notice was filled in terms of the rules of the High Court. The Estate remained committed to resolving the matter through mediation.

The third matter was an incident in the Estate which luckily did not result in a fatality and involved the security service provider. Legal intervention was required with the result that the member had to abide by the rules of the Estate which ruling become an order of the court. In terms of the legal expenses incurred, there would be a cost contribution from the member, besides the penalties imposed, which would assist in narrowing the gap between the legal expenses paid and legal fees recovered.

The audited financial statements were proposed for approval. Mr Nigel Henderson (129 Mountain) seconded the proposal.

The financial statements were approved with no objections.

### 4.1. Consideration of Auditor's Report

The Chairman stated that an unqualified audit was received.

Mr James Moodie (finance director) briefly addressed the meeting and stated that audit of payments, adherence to budgetary processes and the recording of expenses to the correct line item had been audited. The annual financial statements were a fair representation of the financial affairs of the company.

Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.


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The auditor's report was taken as read and accepted. The motion was proposed by Mr Stefan Schoeman (225 Fish Eagle) and seconded by Mrs Elspeth Flatau (57 Oyster Cove).

### 4.2. Appointment of the Auditors

It was mentioned by the chairman that this would be the fifth year with the current auditors.

The chairman requested members to recommend an alternative, no alternative was suggested.
The chairman proposed that GKL Auditors be reappointed as the auditors for the company. The motion was seconded by Mr Andy Coutts (10 Plover Cove).

The motion was put to the vote and accepted by the members. The reappointment of the auditors was approved.

### 4.3. The Fixing of the Auditor's Remuneration

The chairman proposed that the auditor's remuneration be fixed at R51 000 for the forthcoming audited financial statements.

The motion was seconded by Mr Nigel Henderson (129 Mountain Cove). The motion was put to the vote and accepted by the members.

The auditor's remuneration was approved. No objections were received.

## 5. THE CONSIDERATION OF THE BUDGET AND LEVIES DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE FORTHCOMING FINANCIAL YEAR

The chairman called for a proposal that the budget and levies for the forthcoming financial year be accepted.

The motion was proposed by Mr Nigel Henderson (129 Mountain) and seconded by Mrs Sandy Brokensha (139 Plovers Way).

The motion was put to the vote and accepted by the members. The budget and levies were approved. No objections were received.

## 6. THE CONSIDERATION AND DISCUSSION OF ANY AMENDMENTS THERETO OF THE RULES INCLUSIVE OF PENALTIES OF THE COMPANY

The proposed amendments were circulated to members.

The chairman proposed that the amendments to the Rules inclusive of penalties be approved. Mr Reginald Tshabalala (39 Bass Cove) seconded the motion.

No objections were received.

The motion was put to the vote and members were given the opportunity to vote by ballot.

## 7. THE CONSIDERATION AND DISCUSSION OF ANY AMENDMENTS THERETO OF THE ARCHITECTURAL RULES

The proposed amendments were circulated to members.

The chairman proposed that the amendments to the architectural rules be approved. Mrs Sandy Brokensha (139 Plovers Way) seconded the motion.

No objections were received.

The motion was put to the vote and members were given the opportunity to vote by ballot.

## 8. THE CONSIDERATION OF THE ENVIRONMENTAL MANAGEMENT PLAN ("EMP") REVISED 2022

The chairman proposed that the revised EMP version 2 (dated September 2022) be approved.

It was mentioned that the EMP was a guide for the custodianship of the natural areas in the Estate. If approved, the plan would be implemented accordingly. There would only be involvement and participation from members if there were substantial changes in the principles relating to the outcomes of the EMP, otherwise, further updates would not require community participation.

Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.

Following a lengthy discussion and request to add a sentence under the forest section of the EMP, it was decided by the chairman to add to the ballot and vote yes or no on the amendment to the EMP and not the total EMP.

The motion was put to the vote and members were given the opportunity to vote by ballot.

## 9. CLUBHOUSE PRECINCT ESSENTIAL MAINTENANCE

The chairman mentioned that this agenda point was included for noting purposes only. The maintenance had to occur, and the board had already approved the expenditure. No voting would take place, but members were welcome to ask questions.

Various questions were raised by members and addressed by management and the directors. Refer to the comments, questions and suggestions document attached.

The essential maintenance and repairs to the existing clubhouse, barns and shed would proceed at a cost of R2,66 million. The project would be funded over a 48-month period and would attract an additional reserve levy of R135 per month, to be added to the existing levy of R125 per month bringing the total to R260 per levy payer per month effective from 1 December 2022.

## 10. APPROVAL FOR THE PROPOSED RESOLUTION FOR CLUBHOUSE PRECINCT UPGRADE

The chairman proposed that the concept upgrades to the clubhouse, barns and shed to a total project cost of R4,64 million be funded over a 24-month period, by raising an additional clubhouse restoration levy of R470 per month per levy payer effective from 1 December 2022 (a total cost over the period of roughly R12 000 per member) be approved.

It was noted by the chairman that the information and conceptual drawings for the upgrade had been circulated to members.


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Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.

The motion was put to the vote and members were given the opportunity to vote by ballot.

## 11. CONSIDERATION OF THE PROPOSED RESOLUTION FOR THE CATERING LEVY

The chairman proposed that the collection of the catering levy be stopped (from 30 November 2022) and approved. Members had until 30 June 2023 to use the funds, or the balance would expire.

Members were given the opportunity to ask questions. Refer to the comments, questions and suggestions document attached.

The motion was put to the vote and members were given the opportunity to vote by ballot.

After a brief comfort break, the meeting resumed and the discussion returned to agenda point 10 (clubhouse precinct upgrade) with an address by Mr Andrew McGregor. Refer to the comments, questions and suggestions document attached (precinct upgrade Part 2).

## 12. THE APPROVAL OF THE PROPOSED AMENDMENTS TO THE MEMORANDUM OF INCORPORATION (MOI) - SPECIAL RESOLUTION ONE: DIRECTORS AND SPECIAL RESOLUTION TWO: CONSOLIDATIONS AND SUBDIVISIONS

It was noted that in order to allow members the greatest flexibility in respect of the proposed amendments to the MOI, the various amendments were proposed as separate special resolutions (special resolution one and two). Members would be required to vote on each separate special resolution. Each approved special resolution would be incorporated in an amended MOI, which would be finalised by the board, initialled by the chairman and lodged with the Companies and Intellectual Property Commission ("CIPC") to make it legally enforceable. If the amendments to the MOI are approved by the special resolution/s, the same would be effective once filed, approved and registered by CIPC.

The background and purpose of the special resolutions were included with the notice for the meeting.

**Special Resolution One**
The chairman proposed that special resolution one be approved.

Mr Donn Bruwer (legal director) addressed the meeting. It was mentioned that a member had pointed out a shortcoming in The Coves MOI when it came to the election of directors. After the receipt of senior counsel opinion, it was decided to amend the MOI accordingly to ensure compliance with part A of schedule 4, article 5 of schedule 1 of the Companies Act (page 322).

There were no questions from the floor.


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**Special Resolution Two**
The chairman proposed that special resolution two be approved.

It was proposed that a new paragraph 26 titled "Consolidation and Subdivision" be added after the existing paragraph 25 of the current MOI. This amendment was required because the existing MOI was silent on subdivisions and consolidations when it came to the amount of levies payable by such properties. The proposed new paragraphs were supplied in the meeting documentation that was sent to members.

The chairman mentioned that in terms of the current MOI when properties are consolidated only one levy was payable, this was a concern and therefore the proposed motion was tabled.

Refer to the comments, questions and suggestions document attached.

The motions were put to vote and members were given the opportunity to vote by ballot.

The ballots were collected, and the result would be announced at the end of the meeting. Members were requested to sign and mark the ballots in addition to writing in EMP (yes or no) onto the ballot form, the Chairman pointed out that clarification on this was provided earlier.

The meeting continued while the ballots were counted.

## 13. PRESENTATION OF THE REPORT FROM THE CHAIRMAN

The chairman mentioned that the report had been circulated and requested questions from the floor.

Refer to the comments, questions and suggestions document attached.

The chairman stated that this was the fourth year of serving on the board and that it had been a privilege, a pleasure, and a challenge. Two directors from the previous board had stayed on after the last AGM to ensure continuity, otherwise, the rest of the board consisted of either new board members or members who had returned after a break. The chairman thanked the board for its hard work and dedication as well as other important role players.

### 13.1. Portfolio feedback

The reports were circulated to members.

## 14. ELECTION OF DIRECTORS

### 14.1. The Fixing of the Number of Directors

In terms of the MOI, unless otherwise resolved by the members of the company, the board of directors shall consist of not less than five and not more than ten natural persons.

The nominations received were as follows:
Messrs Mike Anderson (185 Fish Eagle), Rudo Engelbrecht (6 Aero Cove) and Mike Fikkert (13 Heron Cove).
Mesdames Nicole Le Roux (206 Fish Eagle) and Tiffany Whittaker (11 Olive Tree).

The chairman requested that the members add "T. Whittaker" to the director's ballot form.

Mr Cornelis Nolte (224 Fish Eagle) proposed Mr Stefan Schoeman (225 Fish Eagle). The proposal was seconded by various members by show of hands. Mr Schoeman accepted the nomination.

The Chairman asked the members to add "S. Schoeman" to the ballot form.

There were four directors retiring, five standing for re-election and six new nominations. The chairman stated that there were eleven candidates, and to increase the number of directors from ten to eleven it would be necessary for the meeting to take a vote.

There were no objections to any of the candidates.

The meeting was asked to vote to increase the board to eleven directors. By a show of hands, the majority of members voted in favour of potentially increasing the board to eleven.

Mr Stefan Schoeman was requested to briefly address the meeting. Mr Schoeman mentioned being a chemical engineer with Sasol and having recently moved to the Coves.

Following a query, the chairman elaborated as follows:
The directors that were retiring were Messrs Lourens van Niekerk, James Moodie, JP Fourie and Andrew McGregor.

The directors remaining and available for re-election were Messrs Donn Bruwer, Gunther Stöger, Zach Mostert as well as Mesdames Nxalati Tshabalala and Tebogo Mazwi.

**14.2. Election**

The members were given the opportunity to vote by ballot. The papers were collected.

The chairman suggested that while waiting for the ballot papers to be counted and audited, the meeting proceed.

**15. <u>DIRECTIONS AND RESTRICTIONS TO BE PLACED ON THE DIRECTORS FOR THE ENSUING FINANCIAL YEAR</u>**

Refer to the comments, questions and suggestions document attached.

The Chairman outlined the delegation of authority document discussed earlier in the meeting. The three scenarios under which the delegation of authority process applied were for operational costs, savings in own portfolio and critical expenses that related to the operational budget.

As follows:

- Senior manager - R5 000 for operational expenses
- Estate manager - R20 000 for operational expenses; savings in own portfolio - if R10 000 saved, R10 000 allowed; critically urgent up to R5 000


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- Portfolio directors - R50 000 for operational expenses; savings in own portfolio - if R20 000 saved, R20 000 allowed; critically urgent up to R10 000
- Two portfolio directors - R100 000 for operational expenses; savings in portfolios - if R50 000 saved, R50 000 allowed; critically urgent up to R20 000
- The full board (50% plus one) - more than R100 000 for operational expenses; if more than R50 000 saved, more than R50 000 allowed and more than R20 000 for critically urgent items.

The chairman mentioned that the above amounts were reasonable and workable.

Mr James Moodie suggested that the savings from special and capex projects that fall outside the operational budget, should not be allocated to other items in a specific director's portfolio. The rationale was to encourage a culture of saving to avoid additional expenses outside what was initially planned for a project.

The chairman asked for the approval for the directions and restrictions subject to the inclusion of Mr Moodie's suggestion. The directions and restrictions discussed were accepted.

**16. GENERAL**

**16.1. Feedback on the Alternative Power Solutions**

Mr Andrew McGregor was requested to temporarily run the meeting.

Mr Lourens van Niekerk (technical director) gave a brief overview of the investigation done on alternative power solutions.

Various solutions were studied and a hybrid system using solar, battery and Eskom power seemed feasible. Three proposals had been received. The project would cost in the region of R40 million. Awaiting feedback from the banks on how best to finance such a project.

The benefits of the project would be stable electricity with the possibility to sell back electricity to Eskom.

Refer to the comments, questions and suggestions document attached.

**DECLARATION OF BALLOT RESULTS**

It was noted that the other motions were voted by a show of hands and were approved.

The result of the ballot votes were as follows:

**The Consideration and Discussion of any Amendments thereto of the Rules inclusive of Penalties of the Company**

As the requisite majority of members entitled to vote at this meeting voted in favour of this ordinary resolution, the resolution was duly and properly passed (75%).

**The Consideration and Discussion of any Amendments thereto of the Architectural Rules**

As the requisite majority of members entitled to vote at this meeting voted in favour of this ordinary resolution, the resolution was duly and properly passed (80%).


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**The Consideration of the Environmental Management Plan (EMP) revised 2022**
The chairman mentioned that members were requested to vote in favour to change the EMP with the amendments as discussed at the meeting. Only 38% voted in favour and consequently the EMP would remain as tabled in the AGM documentation.

**Approval for the Proposed Resolution for Clubhouse Precinct Upgrade**
As the requisite majority of members entitled to vote at this meeting voted against this ordinary resolution, the resolution was not passed (45% voted in favour).

**Consideration of the Proposed Resolution for the Catering Levy**
As the requisite majority of members entitled to vote at this meeting voted in favour of this ordinary resolution, the resolution was duly and properly passed (88%).

**The Approval of the Proposed Amendments to the Memorandum of Incorporation (MOI) as set out in Special Resolution One: Directors and Special Resolution Two: Consolidations and Subdivisions**

Special Resolution One
As the requisite majority of members entitled to vote at this meeting voted in favour of this special resolution, the resolution was duly and properly passed (84%).

Special Resolution Two
As the requisite number of members to pass a special resolution was not achieved, this special resolution was not passed (63% voted in favour, and the requisite percentage for a special resolution to pass was 75%).

Refer to the comments, questions and suggestions document attached.

**Election of Directors**
Following the results from the director's ballot form the chairman announced the new board members were as follows:
Messrs Gunther Stöger, Zach Mostert, Donn Bruwer, Mike Anderson, Rudo Engelbrecht, Mike Fikkert, Stefan Schoeman.
Mesdames Tebogo Mazwi, Nxalati Tshabalala, Nicole Le Roux and Tiffany Whittaker

## 17. CLOSING OF THE MEETING

As there was no further business to transact at the meeting, the AGM was declared duly closed and the proceedings at an end. The meeting closed at 13:30.

**Adopted as a true reflection of the meeting.**

CHAIRMAN

04/12/23
DATE


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