

The Mutual Heights Body Corporate

Second Annual Report of the Trustees.

1. This is a report of your trustees' work and the progress of the Body Corporate since the Annual General Meeting held on the 15th of June last year.
2. At that meeting you elected myself and the following as trustees:
 - Amelia Beattie
 - Professor Andrew Bytheway
 - Leon Hans
 - Alan Hill
 - Simon Hudson
 - Taryn Lewis
 - Dylan Stanton
 - Deon Williamson
3. At a meeting of trustees held immediately after the AGM the trustees elected me as their chairman for a second year. I am grateful to them for the confidence they showed in me and have enjoyed working with all of them, most of them for a second year. I rate it a privilege to do what I do in responsibility for this lovely building and the welfare of its occupants.
4. During the year Dylan Stanton had to resign due to pressure of work. He is sorely missed. He is an architect and has helped in the design of the front lobby security doors which we shall discuss at the forthcoming 2nd AGM. But he also organised the Christmas party once more last December. This attracted a good though scarcely overwhelming turnout and once more Dylan did an immaculate job and we all had a splendid time. It is too early to say whether there will be a party this year (it will depend on the trustees you elect at the AGM) but if we do have a party, and if you have not come before, please try to make it. The grub is good and the wines too. This is a very good opportunity to meet your neighbours as well as the trustees and others who keep the wheels turning.

Snags

5. Some of the matters I dealt with in last year's report have continued to trouble us. Amongst these is a small list of still outstanding building work to do before we formally accept the building. This is not the place to set this out but we have recently had a reassurance from OMP that the final matters will be attended to. It seems to take an age but I have learned that most things like that do in Cape Town! Incidentally OMP now have a new name - Old Mutual Investment Group, but I shall call them OMP in this report.

Keeping our building beautiful

6. The trustees have agreed with OMP to keep the ground floor of the banking hall spick and span even though this is not seen by most visitors; nevertheless the now gleaming floors and polished counters do recreate a place of beauty at the heart of our lovely building. So far as we are aware no viable use of this area has so far been found. My personal view is that rather than contrive to find some use just to see this space occupied, and perhaps inappropriately, this lovely hall should remain as it is, properly cared for, until times change and some genius comes up with an imaginative proposal

that will meet with instant and general acclaim. The front doors onto Darling Street have been burnished, and repolished latterly by a film company, one of a few who have used the building with your trustees' consent. During the year too all those black marble walls were washed. With flags proudly flying aloft, surely no home can have a more impressive entrance than ours!

That sign

7. After some negotiation your trustees agreed with OMP to lease the advertising site on the west of the building to OMP for a monthly rental of R80 000 from September last for potentially six years.. Typically they have yet to execute the lease but have paid R480 000 in rental. They claim to be full of good intentions but dogged by internal reorganizations.

Our neighborhood outside.

8. We have continued to work closely with the City and the City Improvement District and Trustee Leon Hans has taken meticulous care of our interests in that direction. Charles Keefer our indefatigable managing agent was elected as a director of the Improvement District so now we have an ambassador at the top! It is encouraging to know that the program of improvement and enhancement work of our immediate surroundings is continuing to good effect.

Physical Jerks

9. The gym was eventually handed over without any charge from OMP and an agreement concerning the same has been proposed which would place the gym in the hands of the trustees free of charge but leaving them responsible for the maintenance of the equipment and the safe management of the same. At the moment the Body Corporate makes no charge for the use of this facility which is available for owners or their tenants as the case may be.

Money

10. a) From the outset we have been putting aside a reserve of cash that will enable us to pay the rates bill based on a revaluation of our building at 1st January 2000 of R62 850 000. During the past year we received the council's own valuation as at that date of R67 900 000 which we appealed. Our appeal is likely to be heard later this month. We have been advised that we are likely to obtain a reduction in this assessment. Of course if the valuation comes out at less than our R62 850 000 estimate then we shall be in pocket; if it exceeds that amount we shall have to provide for it though we will be given time to pay in these circumstances. In any case this valuation is shortlived since the city is now in the process of the 2006 valuation which I deal with at paragraph 14. But I regret this vagueness in figures relating to the last valuation and accumulated rates which is the result of circumstances entirely beyond the control of your trustees.
b) In cash terms at this point last year we were in a small deficit on current account and at the time of writing I have been advised that this is likely to have been translated into a small credit of about R35 000 but the cash receipts will include receipts from film companies of R60 750 and R2 200 fines for fly parking and these receipts and debt are reflected in the accounts which will be presented to the AGM.

Beautifying the atrium

11. Your trustees have not lost sight of the suggestion that we enhance the appearance of the atrium which was mentioned in the last report. Our problem has been that we have been reluctant to move this forward whilst the position on rate arrears was uncertain. Your trustees have suggested that we hold a competition open to all students of the faculties of architecture of our three Cape universities together with certain selected design institutes. Students would be invited to submit designs for the enhancement of the atrium and a cash prize would be awarded to the designer of any scheme which the trustees decided to adopt.

Security

12. We are also committed to installing sliding glass security doors across each access to the northern lift lobbies at ground floor level. I hope to be able to give the AGM some idea of the likely cost of this work. Your trustees have recently relaxed the absolute rule as to the closure of the front door at 7pm. The security staff are now to have a discretion to admit residents arriving later if they are known to them. This rule is to cover an occasional lapse which leaves a resident outside at night he or she having forgotten to take with him or her the card to open the Parliament Street door. Only owners are to be admitted, not guests or friends. And then only if the duty guard himself recognizes the supplicant at the door.

When will the roof fall in?

13. Subject to the minor "snags" as yet unattended to mentioned above, the building is in good nick as well it should be bearing in mind the R100 000 000 spent on its conversion three years ago. But it remains an old building and your trustees believe it would be sensible to set aside a reserve for future work or repair or replacement, which could be gradually enhanced annually out of future levies. It may be argued that future repairs are the concern of future owners and trustees of schemes such as ours have the statutory right to impose a levy to provide additional income for unforeseen expenses. A balance between these views is needed and the views of the Annual General Meeting will be sought.

Paying the City's rates

14. As is generally known (and at the date of writing this report) the system of rate collection in the City is to change radically at the beginning of July. From then it is proposed that rates for each Section (including a proportion of the rates for the common areas) are to be collected by the City from each owner. Hitherto of course the Body Corporate has paid the entire rates out of income. Again, at the time of writing, the precise details of the new scheme are unknown. For instance it is not known whether the City proposes also likewise to collect the cost of services such as water, electricity rubbish collection and our contribution to the City Improvement District. Until the whole scheme is revealed it is impossible to produce any budget that incorporates the change at all. Therefore your trustees will present a budget based on the old scheme of collection. When and if the arrangement changes then the incoming trustees must stand by, ready immediately to reduce the levy by the appropriate amount from the appointed day.

Life across the air bridge

15. One hundred and forty three of our members own parking bays in the Adderley Sectional Title Scheme across the air bridge. Last year I reported that you trustees had asked me to represent their interests in that Scheme which appeared to leave our members contributing to the cost of the swimming pool and other facilities apparently intended for the exclusive benefit of the fifty residential sections but excluded from being able to enjoy the same. This led to my election by The Adderley Body Corporate as Trustee and those trustees then elected me their Chairman which I undertook to be for one year only. That year has just about gone, and with the help of the lawyers to that Body Corporate, I drafted rules that would reorganize the levy system leaving our members (and all the other non residential owners over there) exempt from liability to pay for the maintenance of these various amenities. These are for submission to the forthcoming AGM of The Adderley Body Corporate, where they must attract a majority of 80% of the total quota. Achieving such a high margin of approval is at present causing me considerable concern

www.mutualheights.net

16 Your trustees have pursued the development of a website for our building and Sectional Title Scheme and last week it went live. Ours is the one of few, if any residential

developments, in South Africa that is served by a dedicated web site. Our own website will give us many possible benefits: access to information about the building, useful documents, instructions as to how to connect your TV, links to related web sites, and even access to the whole collection of chairman's newsletters! There are plans to extend the function and content of the web site. All members can share in the creation of the site. The overall aim is to improve still further the quality of life in what is already an amazing building. Professor Andy Bytheway – a trustee – has put the initial web content together and your trustees acknowledge the support received from Dynacomm who organized the domain name and are at presently hosting the web site at no cost. The inspiration and hard work thus far has been that of Professor Bytheway and we are very grateful to him for this work that few could have undertaken. The web site is at www.mutualheights.net and the survey report based on the replies to Professor Bytheway's survey last year in which the guidance of members was sought is on the home page and also at: <http://www.mutualheights.net/Documents/MutHtsinternetSurveyReport.pdf>

What goes wrong next?

17 All in all the past year has raised few problems and all has run suspiciously smoothly. I have not needed to trouble members with many newsletters. Once again the rest of your trustees have given excellent service.. We have met seven times. I have already regretted the loss of Dylan Stanton; for some months Dion Williamson was absent and seriously ill. We were relieved and glad to have him back in November last year fully restored to us. Of the trustees you elected last year Professor Andrew Bytheway, Leon Hans, Alan Hill, Simon Hudson, Deon Williamson and myself are willing to serve again.

Our indefatigable Managing Agent

18 Lastly I must once more pay tribute to Charles Keefer. The smooth running of our organization is entirely due to his professional and efficient organization supported by the hard work of his able staff. I am most grateful to him for his support and advice and loyalty. Just as I said last year I could not have done my job without him and in this I also speak for all the trustees you elected last year.

I respectfully submit this report for the past year of the Body Corporate.

Paul Rippon

Chairman of the Body Corporate.

May 2007