

Mutual Heights
Darling Street Cape Town.

NEWS FROM YOUR TRUSTEES

NOVEMBER 2007

Edition 10

Dear Fellow Owner,

It has been some time since your trustees circulated a newsletter. This is for various reasons.

The AGM

First we wanted to report on the Annual General Meeting held now quite some time ago on the 30th of May 2007. Professor Andy Bytheway, Leon Hans , Alan Hill, Simon Hudson, Dion Williamson and myself were re-elected as trustees together with Susan Lieberman and Marietha Mostert(who was nominated in her absence by Old Mutual Properties). After the AGM concluded the new trustees re-elected me as your chairman for a further year. I felt truly honoured to be re-elected for a third year although I think that by time of the next AGM the Body Corporate will benefit from fresh leadership.

At the time of the AGM and on your behalf your trustees were in serious dispute with Old Mutual Properties over what was seen as their broken promise to rent from us the prominent advertising sign bearing their name (but belonging to the Body Corporate) on the East side of the building. The rent was to be R80,000 per month. The term of the lease, three years from August 2006.

Quite a lot of time was taken up by me reporting the position relating to that on behalf of your trustees. The detail is indeed set out in the draft minutes which will be before the next AGM for approval.

However shortly after the meeting I had a meeting with the Managing Director of Old Mutual Properties and explained to him why we considered that there was a binding commitment by the Old Mutual Group in one of its many manifestations to lease the sign.

Arising out of that meeting, there were some negotiations to settle the matter and I am happy to say that your trustees did conclude a new arrangement whereby the Group took a lease of the sign for two years at R80,000 per month backdated to August 2006. All back rent was paid and this new lease continues in operation until August 2008. Your trustees considered this to be a reasonable arrangement and the agreed rent is now being paid regularly. In February next year your trustees will commence looking for another tenant. We are also under an obligation to clarify the position concerning planning approval for the sign.

It would not have helped to report on the cut and thrust of the dispute whilst it was unresolved. The discussions to settle would not have been helped at all by raking over of the coals in a newsletter. Thus I decided not to report the AGM until the future became clearer. So I hope you will understand the delay that has occurred in reporting to you.

Under a later item of business the AGM deferred giving any guidance as to the use of non levy income from the signage site, mainly, and also from film shoots and fines.

The accounts for the year to February 2007 having been cleared by the bean counters were duly approved.

The AGM gave the Trustees authority to devise a competition for the beautification of the atrium (for more details of which please see below). The meeting also considered whether the frequent film shoots within and about the building caused undue disturbance to residents and decided that as at present they did not provided that they were "strictly controlled".

Finally Rose Long, an owner, raised a number of important though detailed matters which the new trustees undertook to investigate and if required deal with (which they later duly did).

As has become our custom the meeting then adjourned for an agreeable glass or two of wine and chit chat.

All that said and done, it has to be said that the AGM was poorly supported. Only fifty members attended and then mostly by proxy. As it happened there arose during the course of proceedings a matter concerning the election of one of the trustees which had to be decided by poll. In that matter the full weight of the votes of Old Mutual were thrown against the clear numerical majority views of the other members actually present. OMP prevailed. Had more members attended then it would have been more likely that the decision made would have accorded with the majority of individual owners both in numbers and in the values of their holding. It just goes to show that it is important to attend AGMs.

Rates

The Body Corporate had objected to the initial rating valuation (2000) caused by the complete restoration and conversion of the building, that objection had not then been decided. The original proposal of the City was to fix our rates valuation at R67,900,000. At first instance we obtained a reduction of R13,900,000 which will save us R172,638 for each year of the rating period of two years following the reconstruction of the building. We had argued for a considerably greater reduction and we are taking legal advice as to whether we have a reasonable prospect of securing a further reduction on appeal.

As for the most recent revaluation (2006) the time for appealing is passed together with liability to the individual owners of sections. Only a handful of owners have appealed.

If you have not yet advised the Rates Department at the Civic Centre of your ownership of your section then the trustees advise that you should do so without delay. Eventually they will catch up with you and you will then be faced with a big bill for arears.

Furthermore if you decide to sell your section, you will not be able to pass it to your purchaser without an assurance from the City Council that all the rates have been paid. You have been warned.

Security

Your trustees are now proceeding with the installation of the glass security doors which will prevent access to either of the northern pairs of lifts, save with a pass, after which we shall be able to leave open the front doors until rather later each evening.

Whilst on the subject of security I must tell you that the new security telephone number is 021 465 2528 . Please make a note of this and place it in a prominent position in your apartment. If you ever need help or are troubled, this is the number to call.

The enhancement of the atrium

The rent we are now receiving for the sign (see above) is a considerable amount - even after tax. It will come to approximately R1.4m. net of tax by the agreed date for the end of the lease. Your trustees have decided to invest one half of the accumulated total against a "rainy day" when we might face a large bill for maintenance or repair. The balance we shall apply first to the installation of the security doors and thereafter to the enhancement of the atrium.

We intend to organise a competition between architecture and other design students. The prize will go to the student who submits the design which the Trustees decide to install. We hope to enlist the services of a distinguished architect to assist us both in the organising of the competition and also in the judging of the entries.

There will be various other minor ways in which we hope to soften the rather harsh design of this important area.

Snags and defective building work

I should mention that your trustees have indicated acceptance of the building from the developers as it is save for three matters, namely the evident penetration of damp particularly in the south western walls, the condition of the sky bridge which is still unsatisfactory and finally an important although detailed matter concerning the aluminium facings of the shop fronts at street level. We shall be employing a part time maintenance man whose job it will be to keep the building in a decent condition and attend to the various minor blemishes still outstanding from the rebuilding three years ago.

Those who park in The Adderley

As those of our members who park across the bridge are aware, we have been objecting strenuously to the fact that a modest part of the levy paid by them to The Adderley Body Corporate was in fact applied to the maintenance of the very pleasant recreation area and swimming pool at present apparently available only to the owners (and tenants) of the fifty apartments constructed on the top floor of the parkade. This is a small cost for each individual owner, but when charged to the nine hundred or so parking spaces

represents about 60% of the whole cost of the provision and future repair of the pool and gym.

Alas all our efforts foundered and a sensible scheme supported by the Adderley Trustees to reorganise this financing was rejected by the AGM of The Adderley earlier this year. But it does follow from this that those lucky people who do park at the other end of the sky bridge now have an unstoppable right to use the pool and other delights over there. I have written to them separately about this.

The Basement Garage

As some will know the security of the basement garage was breached recently. The trustees acted promptly to regulate matters. At the moment a security man is posted there permanently but your trustees are installing a new system with individual keys. In future the owner of each section will be issued with his or her own unique pass. Thus in future should this fall into the wrong hands then it can immediately be electronically cancelled and thus prove useless to anyone into whose hands it may come, whilst the true owner can be issued with a new and differently coded pass key. You will be invited to collect your new unique pass key shortly from the managing agent. Thereafter the old system will be abandoned and the new system brought on stream.

Rubbish.

We are shortly to experiment with a system whereby glass and paper waste can be separately disposed of. On the ground floor of the parking area of the building two bins will be provided, one clearly marked to be only for paper (not cardboard please) and the other for glass. Your normal household refuse should continue to be placed in the bin provided on each floor in the passage area outside the goods lift. There have been many requests for such a scheme and its success will depend on all of us being careful to separate glass and paper from the rest and taking it downstairs to the special bins. Please try. The planet is worth saving.

Pets.

The conduct rules provide that if an owner wishes to keep a pet in his or her section then permission of the trustees must first be obtained. The trustees will give favourable consideration to such an application if the animal is confined to the section and not permitted to roam outside it. When outside the section the pet must always be carried. It must not cause a nuisance or irritation to any other resident. The trustees will withdraw such permission if any of these restrictions are not observed. In every case however permission must be obtained from the trustees before the animal is brought into the building.

Rules.

I sometimes come across new residents - both tenants and owners who do not know about the management rules by which we are governed or the conduct rules which bind us all to act reasonably whilst going about our business in the building. They are not onerous. These rules are enshrined as our domestic constitution and all should have ready access to a copy. They will be found on our website www.mutualheights.com and

they may be obtained on disk from the managing agent's office on the upper mezzanine floor. If as owner you sell or find a new tenant, please make sure the newcomer knows about this. As our managing agent is inclined to say as he opens his eyes every morning "ignorance of the law is no excuse"!

High Jinks.

Lastly I am glad to report that your trustees are once more throwing a party to celebrate Christmas, the New Year or the sheer joy of living in such a lovely building. (One party not three!) It will be on Tuesday 11th December next at 8pm in the banking hall. The first was a good occasion, last year's even better and this year will be better still. Especially if you come. It is open to all residents - viz owners and tenants and I look forward to meeting you all there.

We shall be raffling a bottle of fine champagne to raise money for The Arch soup kitchen just up the road by St George's Cathedral, so please be generous.

If I do not have a chance to greet you personally, may I on behalf of myself and my fellow trustees wish you all a most happy Christmas and prosperity in the new year.

Thank you for your continued confidence in your trustees. It means a great deal to all of us.

Paul Rippon
Chairman of the Body Corporate.