
DE ZALZE WINELANDS GOLF ESTATE HOME OWNERS ASSOCIATION NPC

REGISTRATION NUMBER: 2003/009588/08

**MINUTES OF THE ANNUAL GENERAL MEETING HELD AT KLEINE ZALZE
CONFERENCE CENTRE AT 18:00 ON 15 NOVEMBER 2011.**

PRESENT: Eben Potgieter (Chairman)
and other members representing 143 votes, representing 37.8% of the
members entitled to vote at the Annual General Meeting.

APOLOGIES: Marius Claassen

CHAIRMAN:

Eben Potgieter was elected to act as Chairman of the meeting.

CONSTITUTION

The Chairman welcomed the members to the Annual General Meeting of the company and the required quorum for the passing of ordinary and special resolutions being present, declared the meeting duly constituted.

NOTICE

The notice convening the meeting and the audited financial statements for the year ended 28 February 2011 were taken as read.

CHAIRMAN'S REPORT

A report by the Chairman was presented to the members

See Annexure A for summary of report

2011 Annual Financial Statements

- Frans Bicker-Caarten discussed the Annual Financial Statements before the Members;
- It was suggested by a resident that, in future, a copy of the Annual Financial Statements be distributed to Members before the AGM. Frans Bicker-Caarten advised the resident that all members had received 26 pages containing the details of the Annual Financial Statements as part of the mailed and emailed packs that were sent to all members.

Discussions:

- Frans Bicker-Caarten stated that the financial position of the HOA was sound;
- A Homeowner wanted clarity on whether the current levies being paid covered all operating costs or was this being subsidized by reserves ?
- Frans Bicker-Caarten confirmed that the levies were being subsidized by income received from penalty levies. He further confirmed that this source of revenue would

not be available in the near future, as this income was derived from members not completing their houses within the specified time constraints.

- A discussion followed, on writing off debtors against levies;
- Frans Bicker-Caarten explained that in the financial statements, only provision was made to write off debtors and that no debtors had been written off permanently.

Annual financial statements

Ordinary Resolution Number One:

IT WAS RESOLVED THAT the Annual Financial Statements of the Association and the Directors' report for the year ended 28 February 2011, be and are hereby approved and accepted.

Voting results:

- 136 votes for approval of the Financial Statements
- 0 vote against approval of the Financial Statements
- 7 vote abstained

Appointment of auditors and auditors' remuneration

Ordinary Resolution Number Two:

IT WAS RESOLVED THAT Messrs Price Waterhouse Coopers Inc be re-appointed as Auditors of the Association for the ensuing year and that the auditors' remuneration be determined by the Board of Directors.

Voting results:

- 140 votes approving re-appointment
- 10 vote against re-appointment
- 2 vote abstained

Appointment of Directors

The Chairman advised the members that in terms of the Association's articles of Association, the maximum number of Directors was seven and the minimum was four. A Director held office as such from the date of his appointment until the first Annual General Meeting following his appointment, or, at his discretion, until the second Annual General Meeting following his appointment, at which Annual General Meeting the Director was deemed to have retired from office.

Eben Potgieter and Deon Allen will be retiring at this Annual General Meeting, with Mr. Potgieter indicating that he will stand for re-election. Messrs. Claassen, Smit, Pienaar and Dean were elected as Directors at the previous Annual General Meeting held on 31 August 2010 and have elected not to retire at this Annual General Meeting.

Members were therefore requested to consider the appointment of three Directors, to bring the number of Directors to seven. Three nominations for the three positions had been received, being Messrs Visagie, Bicker-Caarten and Potgieter.

IT WAS RESOLVED THAT the following persons for whom nominations have been received in conformance with Article 26.4 of the Articles of the Association of the Association be and are hereby elected as Directors of the Association:

- Mr. Visagie (136 votes approving appointment, 0 vote against appointment and 17 votes abstained)
- Mr. Bicker-Caarten (128 votes approving appointment, 6 vote against appointment and 9 votes abstained)
- Mr. Potgieter (139 votes approving appointment, 2 vote against appointment and 2 votes abstained)

Special Resolution & voting on ruling by arbitrator C Fick in matter between Association and D Opperman in respect of Erf 239

Mr. Dean opened the floor by providing the homeowners with the background surrounding the issues relating to Erf 239.

An owner on the Estate, Mr. D Opperman, purchased Erf 239 from Richard Paul Lindes, ID 690910 5210 088 in 2005.

An unregistered servitude pipeline runs across Erf 239, in favour of the Stellenbosch Municipality, for drainage of storm water emanating from land positioned higher up. This servitude pipeline was installed by the municipality before the development of the De Zalze Golf Estate.

The positioning of the pipeline resulted in building delays, due to the fact that Mr Opperman was not able to build a swimming pool where initially planned, which in turn resulted in penalty levies levied against Mr Opperman.

In order to settle this long outstanding matter on settlement of the outstanding building penalties and interest, Mr Opperman and the HOA Board agreed to proceed with an arbitration process, in which Chris Fick and Associates were appointed in a letter dated 26 July 2010.

In a letter from Chris Fick, he gave a binding ruling that stated that whilst Mr Opperman is liable to pay the penalty levies as raised by the HOA, the Association should not enforce payment thereof against Mr Opperman, until they have from their side, done everything in their power to address the issue of the pipeline with the Developer and or Local Authority. In short, if the pipeline was successfully relocated, Mr Opperman should forthwith pay the required penalty levies and interest accrued thereon.

With Mr Opperman conceding that he had no contractual relationships with the Developer, The matter requiring decision, was whether the HOA had done everything in its power to restore the rights of Mr Opperman, and that the HOA had procedurally acted in accordance with the Arbitrators ruling.

Mr Dean made it clear at the meeting that despite this bizarre ruling from Fick, the decision as to whether the HOA had done all in its power, was now only of academic interest, since the HOA had in its possession a letter from the Municipality, stating that it would make the current pipeline redundant and the water, which was the threat, would now be re-diverted.

However, a discussion on the merits of the penalty levies continued and at the same time Mr Opperman was given an opportunity to discuss the matter. Mr Opperman noted and highlighted the fact that it was not possible to build the house as planned due to the

location of the pipeline and raised the issue that the time it took to find alternative solutions to the issue, brought about the penalty levy.

It was communicated to all homeowners that Mr Opperman was aware of this servitude pipeline when he purchased the Erf on the De Zalze Golf Estates. He also confirmed this during the Annual General Meeting on the 15th of November 2011.

Once the Municipality had removed/relocated the pipeline overflow onto a neighbouring property, the full discharge of the HOA's responsibilities will have been met, and D Opperman would need to effect payment.

Special Resolution Number One:

"IT WAS RESOLVED THAT Mr D Opperman should settle the amount outstanding of R53 672 34".

Voting results:

- 105 votes approving the Special Resolution
- 30 vote against the Special Resolution
- 8 vote abstained from the Special Resolution

Amendments to the Articles of Association

The following proposed amendment to the articles of association are being submitted for approval as special resolutions at the Annual General Meeting, in response to issues raised by the Board of Directors.

Notices

Presently any notice or other document may be served by the Association upon any member by delivering it to him personally or by sending it by post in a prepaid letter, envelope or wrapper, addressed to such member at his registered address.

It is proposed to amend the Articles to include electronic mail as another means to serve documents to the members of the Association resulting in a more effective form of communication.

Special Resolution Number Two

"IT WAS RESOLVED THAT Article 32.1.2 of the Articles of Association be amended by the deletion of the existing Article 32.1.2 and the substitution therefore of the following new Article 32.1.2":

"32.1.2 sending it via electronic mail or by post in a prepaid letter, envelope or wrapper, addressed to such member at his registered address."

Voting results:

- 137 votes approving the Special Resolution
- 0 votes against the Special Resolution
- 6 votes abstained

General

- The Estate needed rules to bring about acceptable standards so creating a culture of compliance for members and third parties on the Estate.
- It was important to protect members and the HOA from third party claims.
- Rules related to Animals was discussed amongst which the following statements were noted:
 - The issue surrounding dogs outside of owners properties was discussed and it was highlighted that dogs not under control (i.e. not on a leash) undermines the principals which were set out to be achieved.
- Rules relating to Fines was discussed amongst which the following statements were noted:
 - Fines are a method of penalising members and tenants, where there was disregard for the Rules of the Estate, which was expressly brought to the attention of all members and tenants, as a condition to their HOA membership.
 - Research from similar Estates have proven that our fines are too low, and that substantially higher fines could bring about greater compliance.
- Security overview: It was noted that it was too early to state next objectives and the strategy currently being worked on would be communicated to Members before the end of December.
- Mr. Thompson (an owner) requested an opportunity to speak and gave details on the theft that took place at his home and questioned the competency of the Security companies that are currently appointed. Mr. Holden (Estate Manager) responded by stating that structures were currently under review and that the HOA was well aware, as was the Board, that the control room was currently being manned with one person during the 18h00-06h00 shift. Mr. Dean responded that feedback on the security issues will be communicated to residents before the end of December 2011.
- New late building penalties: It was brought to the attention of the members that the Board was considering an increase in penalty levies to 10 x the levy. A communiqué will be sent to all members once the Board has determined their stance on this matter.

Questions and answers

Questions from members:

Mr. Greg Sheard - Erf 158

Could we please have more clarity on Erf 4.

Q: Who now owns it?

A: Spier Properties (Pty) Ltd. Have sold it to De Zalze Property Investments (Pty) Ltd.

Q: What is the intended use of it?

A: Of the +- 52ha, 24 Ha of agricultural land has to be rehabilitated and improved on, 11ha is occupied by the dam, 4ha taken up with roads, with the balance being used for a possible 6 dwellings which the purchaser is in process of applying for to be built on this erf.

Q: Do any Directors have a vested or conflict of interest?

A: Yes - please consider the Chairman's report.

Wiehahn Properties (Pty) Limited – Erf 50/115/116 and WGL

- Q:** One of the subjects I would like to be raised is, will the 1% sales levy be waived on transfers that take place between an owner and one of his Trusts/Companies or to a family member? This was discussed early on in the year, and we were advised that it would be raised at the next AGM. Not sure if you have it on your Agenda?
- A:** Transfers between Companies and Trusts will continue to bring about the 1 % sales levy, as will transfers between family members. However, the new Board will reconsider the rule between family members.

Mr. Richard Harrison - Erf 363

- Q:** Please provide clarity on the ownership and development on Erf 4
- A:** The issue was covered in the Chairman's Report.
- Q:** Please provide feedback, on why a berm is being built on Erf 4 where the old lemon trees were situated?
- A:** The berm is not final but work in progress pending Erf 4 negotiations. The berm has been erected to create a sound barrier for the rest of the Estate from noise coming from the airfield.
- Q:** Dennebos Forest feedback.
- A:** From a meeting held in the forest in September, the meeting addressed certain issues and had undertakings from the Municipality and the various interested and effected parties.

Issues were:

- Fire risk
- To be addressed by bringing in bulldozers to create corridors iro fire breaks and to remove any excessive foliage
- Removal of aliens
- Municipality to provide letters to neighbours and if not complied with, start their own clean up and debit cost to tenant
- Scope of the current contract iro clearing the forest
- Scope remained the same, with the provision to keep young saplings
- Input into the Spatial Development Framework
- DMP invited application to be made into the SDF before any finality could be made in respect to its future usage.
- Aesthetics of the Forest
- Neighbours were encouraged to plant trees within the forest, and along the southern fence line in order to improve the current aesthetics.

The cleaning up of the forest should be completed by May 2012.

Dr Barbara Van Geems – Erf 139

Dr van Geems raised some issues around Erf 4 and the activities taking place on this erven, particularly the cutting down of trees, the clearing of the land, in what appeared to be the preparation of areas for construction and that these activities should be taken back to the Environmental process.

It was agreed that a meeting was to be set up with Mr Potgieter, Mr Dean and Dr Van Geems to address her concerns . The findings would be communicated to all members, once properly reviewed by the Board.

The meeting ended at 21h15.

CHAIRMAN

DATE

ANNEXURE A

CHAIRMAN'S REPORT

The policy and putting in place of a Capital Reserve Fund

- R5m set aside in dedicated account from existing Capital Reserves;
- All interest and dividends accrue and stays in account;
- Monies enter account through Road Maintenance fees;
- Aurecon concluded an exercise in which R7m would be required in 7 years time to address failing infrastructure

Review the landscaping contract

- The Crown landscaping contract has been renegotiated and new performance standards were set. The improvements are evident.

The SMA Trust handover

- The original Trustees have resigned;
- 3 new Trustees appointed:
Eben Potgieter (ex officio)
Owen Dean (ex officio)
Patrick Holden (Estate Manager)
- Sub committees were appointed:
Frans Bicker-Caarten
Ginny Malmnas
Dana Dean
- The SMA Trust was established as a condition to sub-division and approval of the original development of De Zalze;
- Current funds of R643k are kept in separate Trust account;
- Erf 521, a stand given by the developer to the SMA Trust, was worth approximately R1.7m.

Review the on-going Security Risk Management portfolio

- In a booklet recently distributed by the HOA, attention was brought to members that the Estate was a medium security facility with a huge onus placed on its homeowners in having to apply basic security measures at their premises.
- Consideration was being given to the current security organisational structures and it would be premature to announce anything at this meeting as there was still considerable work to be done.
- Issues surrounding the fence and gate upgrade would be included in the strategy going forward.

Review of the HOA rules and building guidelines

- The Chairman stressed that it was important for this Estate to move to a position where a culture of security and general adherence to the Rule of Law was adopted by all members, and accordingly needed help in changing this culture from the less compliant members.
- Certain rules had been amended in the course of the 2011 year, of which it was important that members brought themselves up to date on these changes.

- Of concern was the use of golf carts on the Estate where a number of members were allowing children, visitors, friends, to drive golf carts where the driver was clearly under the age of 18 and accordingly would have had no driver's license.
- Golf carts are with immediate effect to be only driven by those persons who hold a valid driver's license.
- The building guidelines have also been changed in the course of the year and again it was important that members brought themselves up to date on these changes.

Reduce the debtors book

- HOA impaired debtors opening balance 01/03/2010: R 948 361.00;
- HOA impaired debtors closing balance 28/02/2011: R 111 844.00;
- The movement was due to settlements of R165,009, Attorney undertakings in respect of property transfers of R616,836 and the Special Resolution of R53,672.

Prepare a 5 year Business Plan

- Preparation of a 5 year Business Plan is in progress. A qualified Director is required to assist. It was proposed that Mr. Bicker-Caarten be appointed for the new financial year to assist – should he be elected at the AGM of November 15th 2011.

Address Rates and Taxes with the Municipality and have a new rate for assessment as it pertains to gated villages

- From various meetings held with the Municipality, we have an undertaking that they will place De Zalze residences in a particular rate category for the period starting 1 July 2012. Unfortunately at the same meeting, they also stated that they would revalue the Associations' properties and would provide a revaluation on these. Subsequently however, they reneged on this agreement, so we will be watching carefully whether the promised changes are being upheld.

Erf 4

- Erf 4 is in the process of being sold from Spier Properties Pty Ltd to De Zalze Property Investments Pty Ltd of which Kobus Basson is a shareholder. The new owner accepted various terms and conditions and has signed a contract accordingly. Some of the terms agreed are as follows:
 - The new owner will make use of the far end of the dam with regard to drawing of water. This was illustrated on a map during the meeting. Water rights and their allocation will be registered and there will be control over the dam management.
 - 5m servitude on south bounty alongside fence.
 - A restriction was placed on Erf 4 regarding the placement of boundaries around the Erf in order to prevent the owner from blocking off the estate since De Zalze must have access. Owners will also be able to walk, jog and cycle over Erf 4.
 - Registered rights of way on erven 2 and 5.
 - The developer will pay for the registration of the rights and servitudes and there will be no cost to the HOA.
- The Erf 1 owner, being a company of which Kobus Basson is also a shareholder, is busy with negotiations for further residential erven on Erf 1. If approved by HOA, there will be no further sub-divisions.
- Pierre Pienaar an owner on the Estate, has declared his interest in Erf 4, but only as a possible investor.
- The negotiations will seek to achieve, amongst other, the following benefits for the

HOA and its members:

- The setting aside of a portion of Erf 4 for the establishment of recreational facilities for use by the members of the HOA;
- The setting aside of further land on Erf 4 for the establishment of a nursery to be operated by the HOA;
- The establishment on a portion of Erf 4 of a grey water management facility;
- The upgrading of the security infrastructure of the Estate;
- The upgrading of the existing shed on Erf 4 in respect of which the HOA holds a servitude, which upgrading will be linked to the establishment of the proposed nursery;
- The take-over from the HOA of the farming activities of all vineyard areas within the Estate, with the view of consolidating these activities into one farming entity on the Estate;
- The establishment of a blueprint for the Estate to regulate all future land use and/or development;
- The possible contribution, in cash or in kind, to be made to the HOA for purposes of funding the on going activities of the SMA Trust and/or to the costs of establishment of new facilities for the benefit of the members of the HOA.
- The payment of the reasonable cost of professional consultants to the HOA

Golf Club Relationship with the HOA

- Recognition that this relationship is critical to the Estate;
- Effort made on both sides to improve this relationship;
- Thank you to Bill Gordon and his team.