

**MINUTES OF THE ANNUAL GENERAL MEETING (AGM)**

**FOR THE OWNERS UNITS PLAN 3259**

**HELD TUESDAY 28 October 2014**

**MacDonald Room, Eastlake Football Club, Kingston, ACT**

The meeting commenced at 6 pm

**Attendees:**

Horace Saducas	Apartment 118/23
Peter Ford	Apartment 115/21
David Campbell	Apartment 205/19
Terry Gassner	Apartment 12/19
Peter Hodge	Apartment 108/19
Ricky Bolton	Apartment 20/21
John Michell & Susan Kuhl	Apartment 28/23
Mary and Paul Nicholl	Apartment 13/19
Janette Murray	Apartment 111/19
Rob and Deb Northover	Apartment 201/17
Truus Ford	Apartment 115/21
Paul Lehman	Apartment 16/19
Krystyna and Misoslaw Piotrowski	Apartment 21/23
John Whiting	Blandfordia Real Estate

It was noted that a quorum was not present however the meeting would continue as per Schedule 3, Part 3.9(2) of the Unit Titles (Management) ACT of 2011 (The Act) i.e. a reduced quorum decision.

**Chairperson**

Under Schedule 3, Part 3.13 (1) of the Act, the chairperson of the executive committee is the chairperson of the general meeting and as such Mr David Campbell is the chairperson of the AGM.

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**1. Proxies**

The following proxies were accepted;

R. Bolton and M.Cahill	Apartment 20/21	For Chairperson
Anna Burger	Apartment 209/23	For Chairperson
Derek Drinkwater	Apartment 22/21	For Chairperson

**2. Minutes of the previous Annual General Meeting**

**Resolved** that the minutes of the previous Annual General Meeting be accepted.

Proposed Deb Northover. Seconded Horace Saducas **Carried.**

### **3. Chairman's Report.**

Without a doubt, these past twelve months have been the most difficult period in our six-year history. The explanation in a word: insurance.

There have been defects both large and small, on common property and in individual units ever since we first moved in, in September 2008. The developer, Becton, had these defects in hand to a greater or lesser extent and to our greater or lesser satisfaction until the company went into receivership early last year, leaving many defects in limbo – half-completed or not even touched. We then had recourse to Becton's building warranty insurance with CGU and that claim is still being progressed some 18 months later.

The Executive Committee's particular concern and responsibility were with the common property: roofs, drainage, lighting, pathways, etc. But it also took on the role of agent for the dozen or so units with outstanding defects, and lodged a consolidated claim with CGU. There was a degree of urgency about this as the cover expired on 27th July 2013, i.e. five years after the buildings' completion. CGU accepted the common property claim and most of the individual claims, but denied others on the grounds that they were made too late. The reasons for missing the deadline are several and varied; it's certainly not the Committee's doing.

In May this year, CGU offered a comprehensive program of the work to be undertaken but will not proceed with tendering and contracting until we agree that package. The Committee was not prepared to do this and ever since has been arguing with CGU over the fate of the owners whose late claims were denied. There are essentially three apartments that are affected. Rough estimates for their repairs are in the region of \$150,000.

It is clearly desirable that all the work be done by the one contractor and at the same time. Entailed are economies of scale, standardisation of finishes and general simplicity of contract management. At issue is who pays: CGU; the three owners; or us, the Corporation. Our legal advice is that CGU is liable and a strong case has been put forward to that end. The argument depends upon the Commonwealth's Insurance Contract Act overriding state and territory law. If CGU accepts, well and good, and we can get on with the work. If CGU refuses, then various other courses open up, none of which is desirable. The legal advice is also that the Corporation is not liable, so you can see the problem. Meanwhile, the work remains in limbo and we can afford to wait no longer.

We have kept all the affected owners individually informed throughout this process, and also the broader ownership with postings on our web site and in the Minutes of our monthly meetings, also available on line.

If this year has been busy, next year promises to be more so. We hope that CGU's work can get underway soon but we fear we won't see contractors on site until after Australia Day. And this time next year, we could still be under scaffolding and generally living in what will look like a building site. But we believe it will be worth it in the end.

The Committee's other work has been routine, but still demanding. I mention just a few examples, but highlights have included renewing the Managing Agent's contract for another three years; revising the Sinking Fund; and completing a very extensive program of

roof repairs. You will have noticed and appreciated the new street parking arrangements on State Circle and Melbourne Avenue. Paintwork in the corridors and stairs has been touched up. Protective stainless steel bollards have been placed on the walkways. Extensive repairs had to be made to the hot water service. We've had problems with the irrigation system and disease in the Crimson Sentry trees. Other maintenance of buildings and grounds has been performed throughout the year. These things don't just happen; they all take careful planning and execution.

We are satisfied with our finances. There have been some extraordinary expenses this past year: hot water service and legal and other costs relating to the insurance claim, in particular. The Treasurer will speak more of these in his report. There is one aspect of the finances that I must mention and that is the distasteful subject of unpaid levies. Time after time, there are a couple of delinquents. Sadly we now have to pursue them before the ACT Civil & Administrative Tribunal (ACAT) or the Magistrate's Court.

A constant exasperation for the Committee has been the unwillingness of a number of residents to abide by some of our Rules. Abuse of visitors' parking spaces and failing to observe the garbage disposal procedures, are chief among the offences. We've found it necessary to keep up a barrage of reminders about pets, bicycles and the legal requirement to keep management advised of changes of occupancy. Our collective security is compromised by a disturbing carelessness with keys, swipes and garage remotes. I remind you that security keys are the property of the Owners Corporation and must not be handed out indiscriminately. Read the Rules, please. We find that too few owners bother to read the web site to keep abreast of their investment. Too many residents – that's owners and tenants alike – don't keep up with the amendments to the Apartment Manual that are posted on the web site.

But the pinnacle of irresponsibility was reached recently with the appearance of graffiti in the basement. Three huge phalluses were gouged in the overhead silver insulation panels. I would have invited you to inspect them and wonder at the mentality of the adolescent artists and the impact on the reputation and value of our investment, but common decency dictated that they be covered up. We also suffered some disgraceful night-time hooliganism in the past few weeks but we think there will be no repetition.

It all makes for additional work for the Committee and the Managing Agent, who really do have more than enough to keep them busy with the day-to-day supervision of our cleaning, landscaping, maintenance and other contracts. On last count, there are some 20 such contracts, all necessary for the smooth running of our property. In addition, there are various statutory duties to be carried out under the Unit Titles (Management) Act, and other legislation ranging from Workplace Health and Safety to Privacy.

Again, I record my deepest appreciation of the Committee members and the Managing Agent for their work on your behalf this past year. It is, by and large, a thankless task and I believe we're very fortunate to be so well served.

**Resolved** that the Chairman's report be accepted.

Proposed Robert Northover, Seconded Janette Murray. **Carried**

#### 4. Treasurer's Report

- Our financial position is generally sound although there are some issues to which I would like to draw your attention.
- As set out in the financial statements, we finished the year with a cash balance of \$341,808.34 of which \$41,191.22 is in the Administrative Fund and \$300,617.12 in the Sinking Fund.
- In accordance with the requirements of the *Unit Titles (Management) Act 2011*, a review of the Sinking Fund Plan was carried out during the year.
- Administrative expenses were reasonably consistent with last year's budget with the exception of consultancy and legal expenses, which increased from \$3,440 to \$20,380 and from \$5,582 to \$9,940 respectively so as to meet demands associated with the consideration of claims against CGU, the insurer for Becton.
- The increase in this year's Administrative Fund budget from last year's expenditure of \$239,103 to projected expenditure for this year of \$282,445 is due entirely to the provision of \$50,000 made for legal expenses – an increase of about \$40,000 over last year's expenditure.
- The objective of this increase is to make provision for the resolution of ongoing issues relating to those aspects of our claim that were rejected by CGU.
- If it should prove possible to satisfactorily resolve these issues without incurring such expenditure, the Committee will, of course, do so.
- Increases in utility charges and in some contractual services have been kept within reasonable bounds.
- Resolution of our claims in respect of roofing defects during the year, in accordance with the contractor's guarantee, considerably improved our financial position.

**Resolved** that the Treasurer's Report be accepted.

Proposed Deb Northover, Seconded Horace Saducas **Carried**.

#### 5. Managing Agent's (MA) Work Health Safety Report

- It was reported that certificates of compliance had been received for the anchor points for the roofs of the complex.
- The executive committee had reminded residents to change smoke alarm batteries on the first day of day light saving.
- It was reported by Ricky Bolton on 11 October 2014 that the contractor using the tractor to move the bins to the rubbish area was not using ear muffs. The chairman discussed the requirement for ear protection with the contractor on 15 October 2014.
- There was a two day outage of Telstra telephone lines on 22 September 2014. It was realised in hindsight that this also meant that the emergency phones in the lift were

not operational with a potential for a resident or visitor to be trapped without communication in the event of a lift outage. The MA contacted Schindler who advised that the phones were not monitored and they relied on someone telling them the lines were out unless they notice phone defects during routine maintenance. In that event, they will contact the managing agent for instructions or in the absence of instructions, will disengage the lift/s. Going forward, on being informed of an outage, the managing agent will visit, use his lift keys to disengage and put up notices or, in his absence, Schindler can be contacted and will disengage the lifts. Disengaging the lift means it opens and closes as normal but will not travel between floors. The executive committee confirms this process as policy.

## 6. Insurance

The Owners' Corporation holds the following insurance policy which was renewed on the 5th September 2014 based on a 4% increase from last year's valuation assessment:

Company :	CHU
Building:	\$37,130,080
Legal Liability:	\$20,000,000
Workers Compensation:	As per Act
Office bearer Legal Liability:	\$500,000
Premium:	\$29,782.85
GST:	\$2,983.29
Stamp Duty:	\$1303.72
CHU Admin Fee	\$50.00
Excess:	\$250.00
Expiry Date:	5 <sup>th</sup> September 2015

## 7. Financial Statements

The Treasurer noted the following;

### Income and Expenditure

- Significant overspends in previous year on air conditioning, cleaning, electricity, water, and window cleaning;
- Significant overspends this year in consultants, gardening and plumbing

### Balance Sheet

- Administrative Fund balance similar to last year
- Sinking Fund balance significantly increased;
- Expected moderate growth in Sinking Fund from next year with new plan.

## 8. Managing Agent Agency Agreement

The chairman advised the meeting that Blandfordia Real Estate had been appointed by the executive committee as Managing Agents for a further three years. There is a requirement however for this decision to be ratified by ordinary resolution. The chairman noted that although there was a 30% increase, the charges were still towards the bottom of the scale by industry standards and considering the level of services provided represented good value for money.

**Resolved** that the Managing Agent Agency Agreement be ratified.

Proposed Ricky Bolton, Seconded John Michel **Carried**.

## 9. Expenditure Budget for 2012/2013

The Treasurer noted the following;

- All line items carefully considered;
- Some follow contracts – e.g. utilities;
- Others determined by last year's expenditure – e.g. water;
- Sinking Fund Plan covers some items – e.g. painting (see also hot water system expenditure this year);
- Provision had to be made for the amounts of \$50,000 in the legal expenses line item and additional management expenses of \$3,000 to meet the contingency of possible legal action;
- Legal action can only be taken or defended with the approval of an Extraordinary General Meeting;
- Important first step for determining levies.

**Resolved** that the attached Administrative Fund Budget of \$279,845 plus GST and Sinking Fund Budget of \$71,375 plus GST for 2014/2015 be accepted.

Proposed Ricky Bolton, Seconded Peter Hodge. **Carried**.

## 9. Levies

**Resolved** that levies are to be contributed by all owners in accordance with their unit entitlements. Payments to be made in two instalments and become due on 1 December 2014 and 1 June 2015

Proposed Horace Saducas, Seconded Deb Northover. **Carried**

## **10. Election of Executive Committee**

Nominations for the incoming Executive Committee were called for and the following members who have stood down offered themselves for re-election; Horace Saducas, Peter Ford, Terry Gassner, Rob Northover and David Campbell,

**Resolved** that the members offering themselves be elected and that David Campbell continue as Chairman.

## **11. General Business**

The Chairman informed the meeting that as no requests for other business were outstanding or had been lodged with the MA prior to the meeting, then this area was closed. Nevertheless, Mr Piotrowski wanted to raise again the matter of insurance. After a brief exchange, the Chairman said the topic had been fully discussed with him elsewhere and ruled that further discussion was out of order.

**There being no further business the meeting was declared closed at 6.38 pm**