To The Owners of Units Plan 3259 Capital Hill Apartments
17-23 State Circle FORREST ACT

**MINUTES OF THE ANNUAL GENERAL MEETING**

**Held:** **Wednesday 19 October 2016**
**Time:** **Meeting commenced 6.00 pm**
**Place:** **Eastlake Football Club**
**3 Oxley Street, GRIFFITH, ACT 2603**

| | | |
|---|---|---|
| **Present:** | David Campbell | Unit 205 |
| | Lisa Wright | Unit 3 |
| | Terry & Karen Gassner | Unit 12 |
| | Derek Drinkwater | Unit 22 |
| | Miroslaw & Krystyna Piotrowski | Unit 23 |
| | Tara Bourne | Unit 26 |
| | Steve Sitko | Unit 101 |
| | Sue Chambers | Unit 105 |
| | Jenny & Peter Hodge | Unit 108 |
| | Bernie & Yvonne Crowe | Unit 109 |
| | Peter Ford | Unit 115 |
| | D Hyslop & J Graham | Unit 111 |
| | Horace & Sue Saducas | Unit 118 |
| | Tom Frommer | Unit 201 |
| | Gaye McDermott | Unit 203 |
| **Proxies:** | Paul Perkins for David Campbell | Unit 30 |
| | MJ Warren Smith for Horace Saducas | Unit 121 |
| | Maria & Paul Nichol for David Campbell | Unit 13 |
| | Ricky Bolton for David Campbell | Unit 20 |
| | John Michell & Suzanne Kuhl for Horace Saducas | Unit 28 |
| | Steve & Barbara Carney for David Campbell | Unit 103 |
| | Warren & Barbara Young for David Campbell | Unit 120 |
| | Anna Burger & Peter Hughes for David Campbell | Unit 209 |

**In Attendance:**

| | |
|---|---|
| Angela Campbell | with Unit 102 |
| Ash Morgan | City Strata |
| Keith Barlin | City Strata |
| Julie Edgerton | City Strata |

**It was noted that a quorum was not present however the meeting would continue as per section 3.9 under the Unit Titles Management Act of 2011, to allow a reduced quorum procedure**

1. **Mr David Campbell was elected as Chair for the meeting.**

2. **8 Proxies were tabled to the meeting and accepted.**

3. **Minutes of Previous General Meeting- 14 October 2015**
   ***Motion 1****: That the minutes of the previous General Meeting are confirmed. Proposed Horace Saducas, Seconded Jenny Hodge.* ***Carried***

4. **Matters Arising from those Minutes.** ***None***

5. **Chairpersons Report**
   We are now eight years old but today Capital Hill Apartments are, quite literally, better than new. Freshly refurbished and repainted and with upgraded landscaping, the place is looking most attractive.

   As has been the practice from the very beginning of our occupancy, the Executive Committee of the Owners Corporation has met every month over the past year. Comprehensive Minutes of these meetings are placed on our web site, usually within 24 hours and News items of important incidents or developments are regularly and frequently also posted on the web site. I know that most owners don't read them and I doubt if more than one managing estate agent does, either. A lot goes on with our property and all parties ought to keep themselves informed of our collective investment that is worth well over $40 million. Sadly, this low level of interest and involvement is reflected in the attendance at this AGM which, again, has failed to achieve a quorum.

   This time last year, we said that 2015-16 would be unprecedentedly busy and so it has proved to be. The principal concern has been contract management and supervision of the works carried out under the insurance claim arising from original building defects. It is no exaggeration to say this has been a daily preoccupation. The work got off to a flying start but foundered towards the end because of a prolonged spell of wet weather.

   A current serious development is that there remains unfinished work and the insurer, CGU, and their chosen contractor, Remedial, and the sub-contractors are in financial dispute. Practical completion should have occurred by 9th September but this was not achieved. I don't want to think we're looking at the prospect of legal proceedings and, indeed, I'm hopeful of finishing up by the end of next week. We shall see.

   An unexpected disturbance came about with the sudden retirement of our long-time Managing Agent, Blandfordia Real Estate in June. That function has now been taken over by City Strata Management and I'm very happy to report that, despite its complexity, the transition has gone very smoothly.

Even without those major distractions, it would have been a busy twelve months. As you might know, we administer 20-odd contracts for the maintenance of the Apartments and about a third of these each year need to be critically reviewed and either re-let or awarded elsewhere after further competition. As an indication of how important this routine business is, only a few weeks ago our annual strata insurance premium was able to be reduced by more than ten thousand dollars. That's a significant saving to the Administrative Fund and your pocket.

I'm also pleased to report that we ended the financial year in good shape despite the heavy punishment to both our Administrative and Sinking Funds of expenditure in conjunction with the remedial insurance work. Our prospects for the foreseeable future are also good, especially with so much of our Sinking Fund program being able to be moved right. The Treasurer will speak to this separately.

All in all, it should be a quiet year compared to the last two. The water heads (the so-called Ned Kelly boxes) on Buildings 19, 21 and 23 are to be refurbished. (We did 17's last year.) The only other major activity we can see at the moment is capping the exhaust trunks in three buildings (21's was done under the insurance work) and the possible installation of solar power. We're intending to bring forward a comprehensive case for your decision on PVCs at a specially convened EGM early next year.

Of course, routine repair and maintenance will always be with us. Only last week did it become apparent that all our hot water meters seem to be leaking. We simply have to attend to matters such as these. We also need your constant vigilance to bring such things to our attention as the Committee can't be in all places at all times.

Let me conclude by thanking the Committee and our two separate Managing Agents for their dedicated efforts throughout the year. We owe them all a considerable debt of gratitude. And thank you, too, for your attendance.

*The Report having been accepted, Mr Peter Hodge (Unit 108) proposed a vote of thanks to the Chairman and Committee for their year's contribution and particularly for the conduct of the remedial insurance work. This vote was carried by acclamation.*

**6. Treasurers Report**

At 1 September, 2016, the start of our financial year, the Administrative Fund stood at $218,391.02 and the Sinking Fund at $35,666.73. The corresponding figures for a year earlier were respectively $206,456.84 and $282,629.82 - the sinking fund figure is significantly different. So what happened?

Through 2015/16, expenditure from the Administrative Fund was generally within normal parameters.

But expenditure from the Sinking Fund was much higher than in previous years and included three major items:

- repainting of the buildings externally and internally ($296,880);
- project supervision of the remedial building work ($51,955); and
- rejuvenation of the front gardens ($11,236).

Three points need to be noted.

First, under the current sinking fund plan, repainting was not due until 2018 but the erection of scaffolding by the remedial builders under the building insurance contract provided an opportunity for significant savings. The scaffolding component of the insurance costs amounted to $150,000 and we were able to save this amount by bringing forward the painting by two years so as to save the cost of bearing this cost ourselves.

Second, under the arrangements notified to us by the builder's insurer, we were responsible for the supervision of the remedial building works. Independent advice provided to us concerning the discharge of these responsibilities persuaded us to engage a project supervisor to assist us in this matter. Our experience in dealing with the builders, particularly in ensuring finalisation of the works in recent months, supports this decision. As the remedial building works were primarily directed towards sinking fund items, we resolved at the last AGM to meet this cost out of the sinking fund. At that time, we expected the total cost to be $40,000 and set that as the upper limit but, with GST, the total expense has amounted to $51,955.

Third, from our supervision of the remedial building works, it quickly became apparent to us that the existing sinking fund plan, which had been professionally prepared for us, was seriously deficient in two respects – it grossly underestimated the cost of some items and it did not cover all the matters that need to be covered. We immediately brought these matters to the attention of the consulting firm that prepared the plan and notified unit owners of our intention to call an extraordinary general meeting as soon as possible to consider the necessary changes. However, the process of revising the plan to our satisfaction took longer than we had anticipated. There are still some items for which the estimates appear to be inadequate but these are offset by others for which they appear to be excessive and we are now satisfied with the global estimate.

These matters are addressed in the two motions that have been circulated for your consideration.

The first motion seeks your approval of the revised sinking fund plan that has been prepared at our request. The Executive Committee is satisfied that the plan now covers all the items that need to be covered and that the global amount prescribed is sufficient to meet our needs for the foreseeable future. Under s.85 of the *Unit Titles (Management) Act 2011*, the plan will be due for its next revision in 2021.

The second motion proposes the approval of the transfer from the Administrative Fund to the Sinking Fund of an amount sufficient to cover the cost of project supervision for the remedial building works plus GST. While we had resolved at our last AGM to meet this expense out of the Sinking Fund, the subsequent decision to paint the building while the scaffolding was up has depleted the Sinking Fund. Although this work was carried out a little earlier than had been originally planned, the saving due to avoidance of scaffolding costs was about $150,000. The passage of this resolution will restore the appropriate balance between the administrative and sinking funds.

There are two further observations to make. First, financial record keeping is now significantly improved under the arrangements put in place by our new managing agent, City Strata. Second, the problem remains of a minority of owners being slow to pay their levies. This is unfair to the majority and, for that reason, interest is charged on late payments in accordance with the Unit Titles (Management) Act and Capital Hill Apartments Rules.

***a. Motion 2:*** *That the revised Sinking Fund Plan of August 2016 be accepted. Proposed Terry Gassner, Seconded Horace Saducas.* ***Carried***
***b. Motion 3:*** *That the transfer of $51,955 from the Administrative Fund to the Sinking Fund be accepted. Proposed Horace Saducas, Seconded Peter Hodge.* ***Carried***

**7. Managing Agent's WHS matters**

The Executive Committee's legal responsibilities for Workplace Health and Safety are taken very conscientiously. Indeed, WHS is always the first item on the agenda of the Executive Committee's monthly meetings.

I'm happy to report that there were no serious incidents occurring, or hazards being reported, in 2015-16. That's not to say there weren't WHS matters that have occupied the Executive Committee throughout the year. These have ranged from overheating halogen lights to a child locked in a car and to somebody else locked in a lift. Other concerns have been falling branches and soffit panels and even harassment of gardeners. The presence on site throughout the year of contractors on scaffolding and operating machinery has attracted special oversight. All these matters were dealt with promptly and effectively at the time.

Routine safety measures such as testing of fire and evacuation alarms and lighting were carried out as required throughout the year. Security systems were properly tested and maintained.

8. **Financial report**

***Motion 4****: That the financial statements be accepted as presented for the period from 1 September 2015 to 31 August 2016. Proposed Terry Gassner, Seconded Peter Hodge.* ***Carried***

9. **Insurance**

The Managing Agent reported that the Owners Corporation holds the following insurance cover, which was renewed from September 5 2016 based on an increase from last year's assessment. The policy is held through CHU as follows:

| | |
|---|---|
| **Policy No** | **46244** |
| **Renewal Date** | **5 September 2017** |
| Building | $40,935,913.00 |
| Legal Liability | $20,000,000.00 |
| Voluntary Workers | 200K/2,000 |
| Fidelity Guarantee | $100,000.00 |
| Office Bearers | $500,000.00 |
| Loss of rent | $6,140,387.00 |
| Lot Owners Fixtures | $250,000.00. |
| Workers Compensation | As per Act |
| Excess | $250 any kind for all claims. |
| Total Premium | $22,006.79 |
| GST | $2,000.63 |
| Stamp Duty | $0.00 (abolished in ACT from 1/7/16) |
| CHU Admin fee | $75.00 |
| Last Valuation | June 2012 - $34,329,104.00 |

The full details of this policy and the Product Disclosure Statement are to be found on the Capital Hill Apartments website.

***Motion 5:*** *That the level of insurance be adjusted upon renewal in consultation with the Executive Committee. Proposed Gaye McDermott, Seconded Horace Saducas.* ***Carried***

The Managing Agent advises that the Owners Corporation insurance only covers the building and public liability claims that occur on the common property. The Owners Corporation's insurance does not cover contents items such as carpet, curtains and light fittings.

All owners should consider having their own contents insurance as well as public liability insurance within their own unit.

*It was also noted that an Insurance Valuation was last done in June 2012, and that a new valuation should be conducted in 2017.*

**10. Expenditure**

***Motion 6:*** *That the proposed Administrative Fund Expenditure Budget of $232,563.00 excluding GST for the period 1/9/16-31/8/17 be accepted. Proposed Peter Hodge, Seconded Horace Saducas.* ***Carried***

***Motion 7:*** *That the proposed Sinking Fund Expenditure Budget of $52,573.00 excluding GST for the period 1/9/16-31/8/17 be accepted. Proposed Peter Hodge, Seconded Horace Saducas.* ***Carried***

**11. Levies**

***Motion 8:*** *That the Owners Corporation determine an Administrative Fund Levy of $227,503.00 excluding GST for the 2016/2017 financial year, to be contributed in accordance with unit entitlements. Payments to be made over 2 periods paid on 1/12/16 and 1/6/17. Proposed Terry Gassner, Seconded Horace Saducas.* ***Carried***

***Motion 9:*** *That the Owners Corporation determine a Sinking Fund Levy of $116,715.00 excluding GST for the 2016/2017 financial year, to be contributed in accordance with unit entitlements. Payments to be made over 2 periods paid on 1/12/16 and 1/6/17. Proposed Terry Gassner, Seconded Horace Saducas.* ***Carried***

All Levy Payments must be made within 28 days of the due date.
If payment is not made within 28 days of the due date, interest charges will accrue and the right to pay by instalments may be forfeited and the whole of the year's levy then outstanding shall become due and payable from the first day of the period in which payment is not made.

**12. Adoption of new Rule 6.14 Letter Boxes**

***Motion 10:*** *That new article 6.14 be approved by special resolution for inclusion in the Rules:*

*The meeting supported the Motion in principle- Proposed Karen Gassner, Seconded Steve Sitko but with important qualifications and tasked the Executive Committee to further refine the proposal. Owners were concerned that the existing notices be removed without scarring the façade of the letter boxes; white spirit was suggested as a suitable solvent for removing old adhesive. Owners also wanted signage that would widen the acceptability of material beyond the suggested limit of Australia Post mail. For example, a sign such as "No Unsolicited Material" would permit items such as The Canberra Times. The Chairman undertook to follow up these matters and bring a revised proposal forward for consideration, perhaps at the forthcoming EGM that would include solar panels.*

**13. Executive Committee**

Under the Unit Titles (Management) Act 2011, it is legislated that the Executive Committee has a Chair, Secretary and Treasurer for the 12-month period, with the

position of Chair having casting voting rights. These positions are elected at the first formal meeting of the Executive Committee following the Annual General Meeting.

***Motion 11:*** *That the Owners Corporation of Units Plan 3259 agrees to appoint 3-7 owners to form the Executive Committee until the next Annual General Meeting, with election of those members to take place at this meeting.*

*The Chairman expressed a wish for a representative from Building 17. Nominations for the Executive Committee were then called for and it was resolved the existing committee would return. The Executive Committee for 2016/2017 will remain as David Campbell (Chairman & Secretary); Peter Ford (Treasurer); Terry Gassner, and Horace Saducas. (Members).* ***Carried***

**14. General Business**

Basement Cleanliness. The Chairman led a discussion on the state of the basement floor. Although the floor is thoroughly swept twice a year, this is inadequate to remove all the dirt and grime that have accumulated over time and particularly in the storage cages. The Chairman suggested hosing out the area but noted that would require owners to lift the items in their storage cages onto pallets or similar arrangements; would 12 months' notice be sufficient time before the relevant Rules could be amended? Although the state of the floor was generally deplored, no sound solution to the problem emerged because of practical considerations although it was suggested individuals might make better effort in their own cages, perhaps using vacuum cleaners. The Chairman undertook that a special effort would be made to clean the area around the garbage rooms.

Insurance Work Progress. A question from the floor concerned the state of the paving tiles between Buildings 21 and 23. The Chairman took the meeting through the list of remaining items to be completed in the forthcoming days (cats' eyes, painting, etc.), including the need to pressure-clean the tiles and repair the grouting.

Distribution of ExCom Monthly Meeting Minutes. The Chairman and Managing Agent agreed to a suggestion that these Minutes be distributed by email to owners as well as being placed on the web site. They also took the opportunity to remind owners that opting to receive other notices (such as levy notices) by email would result in significant savings in printing, postage and labour.

**The Meeting closed at 6.45pm**