



EVERGREEN LIFESTYLE VILLAGE, BERGVLIET

MINUTES OF THE LEVY MEETING

Minutes of a meeting between representatives of Evergreen Lifestyle Village (Pty) Ltd ("ELV") and members of the Bergvliet Village Residents' Committee ("Rescom") and the residents of the Bergvliet Village held on Monday August 29, 2022 at the Bergvliet Village Manor House at 10am

PRESENT

Garry Reed (ELV) – ("GR")

Alet du Plessis (ELV) – ("AdP")

Bronwyn Davis (Village Manager)

Alan Baxter (Rescom Chairman) - ("AB")

Numerous residents of Bergvliet Village

WELCOME AND PURPOSE OF MEETING

AB welcomed ELV members and Bergvliet Village residents to the meeting, with GR noting that the purpose of the meeting was only to discuss financial issues relating to the levies and the respective proposed changes to Healthcare and Catering.

BASIS FOR THE LEVY CHANGE

GR noted the following:

1. The AGM was held 2 months ago where it was then mooted that there would be dialogue between ELV and Rescom / Fincom to finalise the 2022/3 budget.
2. Following good and robust meetings with Rescom and Fincom, ELV had dug deep to try to find fair and equitable solutions to the calculation of levies now that Healthcare and Catering are no longer considered as services provided for in terms of the LRAs.
3. The solution, not only in this village but in all the villages, was to find a zero-based budget matching village operational expenses with levy income.
4. The basis for the budget was to account for expenses in all the public areas and common use areas (for example, the swimming pool, guarding, staffing, maintenance, the roadways, security, etc.) and then divide these expenses by the 100 units in the village in order that each unit pays the same levy.

5. Traditionally in this village there are a myriad of Life Right Agreements ("LRAs"), the main reason being that the facts of 12 years ago are not the facts of today and therefore the LRAs have evolved over time and need to be adapted to current circumstances.
6. The original LRAs have a different levy structure, whereby the municipal rates of the Life Right Holder's unit are included in the cost of the levies. A separate engagement with those Life Right Holders (affectionately termed "*the Early Adopters*") will be required in order to change the method of how their levies are calculated, with no Early Adopter being forced to accept the change in methodology.
7. With regard to the remaining Life Right Holders (i.e. those who are not Early Adopters), the zero-based budget would now form the basis of calculation for the 2022/3 budget and for future budgets.
8. The current target levy is R6,100 per unit per month with an additional R500 being charged separately as an Extra Person levy where more than one person occupies a unit.
9. The current target levy of R6,100 per month would be maintained until September 2023.
10. For those Life Right Holders whose levies fall above the target levy and who are not Early Adopters, their levies will be reduced in the October 2022 levy statement down to R6,100 per month and will be backdated to September 2022. No change is required to be made to these Life Right Holders' LRAs.
11. For those residents whose levies fall below the target levy (mainly the apartments), their levies will be increased by the amount calculated in accordance with their LRAs (CPI plus 1.5%) and if this revised levy is still below the target levy then Evergreen Property Investments ("EPI") will pay the shortfall between the calculated/contracted levy and the target levy. This payment by EPI will continue to be made for as long as the target levy amount is greater than the levy as calculated in terms of the LRA. No change is required to be made to the LRAs.
12. For the Early Adopters, GR will meet with each Life Right Holder and it will be up to each Life Right Holder to either accept the conditions of paying the target levy (which would result in a reduction in basic levies but will mean a separate payment for municipal rates), or the Life Right Holder can continue paying the contracted levy amount per the annual calculation in accordance with their LRAs (i.e. an amount inclusive of municipal rates).

If the Early Adopters decide to continue to pay the higher levies in accordance with their LRAs (i.e. inclusive of municipal rates), then their excess payment will belong to EPI and will be used by EPI to offset EPI's contributions, as described in number 11 immediately above, for as long as these contributions last.

If the Early Adopters accept the condition of paying the lower target levy plus being responsible for their unit's municipal rates, then in this event there will be a change required to be made to the individual's LRA by way of an addendum.

CATERING

GR noted the following:

1. Rescom had undertaken a survey with regard to catering (and healthcare) and the overwhelming result was that catering was not well supported for the monthly fixed management fee costs being incurred.
2. Catering was not a service provided for in the LRAs and therefore if catering was to be provided it would need to either be paid for out of additional levy contributions or the caterer would need to charge appropriately for the food.
3. Whilst catering is to be suspended as a service from September 30, 2022 until a solution can be found, this was not an indefinite suspension of catering and ELV was working with Rescom to find a solution, in particular one where there was no upfront management fee charged on a monthly basis.
4. ELV and Rescom are currently talking to certain suppliers about taking over the catering in the village, but as EPI is in the final throes of obtaining approval for the refurbishment of the clubhouse, which refurbishment would take 2 to 3 months to complete, there is sufficient time to find a replacement catering supplier that does not charge an overhead/Management Fee
5. If a suitable caterer cannot be found, there is a line item in the budget to cover a sophisticated coffee station (press the button to make Americano or Cappuccino or Latte (or the like) or tea), whereby residents will be able to have coffee on a self-service basis whilst visiting the lounge, at no additional cost to the resident.

HEALTHCARE

GR noted the following:

1. Rescom had undertaken a survey with regard to healthcare (at the same time as catering) and the overwhelming result was that the 24-hour nursing service was not well supported for the monthly costs being incurred.
2. Healthcare was not a service provided for in the LRAs and therefore if 24-hour nursing staff was to be provided it would need to be paid for out of additional levy contributions.
3. Looking at alternatives for an improved 24-hour medical response to cater in part for the removal of 24-hour nursing care, Telecare was a good fit for the village when the village first started but ELV has grown into a very big business over the past 12 years and has outgrown Telecare, with a new service provider thus being sought to provide better service offerings.

4. ELV has now found a better solution for 24-hour care, that being Cape Medical Response ("CMR"). CMR started out as a community-based service based in Fish Hoek and servicing home residents Fish Hoek, but it has now grown substantially and with Bergvliet and Diep River villages both joining CMR they have subsequently procured even more staff and more vehicles.
5. The main difference between Telecare and CMR is that Telecare is a call centre that will source a service for residents once they understand the medical issue at hand, whereas CMR owns its own ambulances and emergency vehicles and therefore residents have direct access to immediate response in terms of a paramedic arriving on the scene.
6. A further consideration is that CMR call outs to the paramedic or ambulance is free within the Village whereas with Telecare the resident will be billed by the service provider chosen by Telecare for the services provided.
7. Another positive in favour of CMR is that residents are provided with a Pod which has a roaming facility for use anywhere in the Southern peninsula and which can be worn on the arm or around one's neck.
8. ELV noted that EPI will pick up the one-off cost for the acquisition of Pods which will need to be charged from time-to-time (a charger will be provided) and which will replace the Telecare system. For those residents who rely on the blue button for a morning safety call every morning, ELV will undertake a project to determine who uses the morning call and who still wants to be contacted each morning, and will ensure alternate arrangements are put in place for a daily morning call.
9. As per budget sent out there will be an increase in medical response costs with Telecare vs CMR and in staffing. Provision has been made by ELV Management to have staff during the night who will be fully trained in First Aid and have access to the spare keys to assist CMR when arriving on site for Emergencies.
10. With there being no 24-hour nursing staff on duty, in particular at night, ELV is looking at employing additional staff to undertake night duties, with provision made in the budget for additional staff.

EXTRA PERSON LEVY

In response to a number of residents' queries relating to the R500 Extra Person levy, GR and AdP noted the following:

1. The current LRAs already have a value attributed to the Extra Person levy, hence why it is currently being charged.
2. Fincom has brought this additional person levy to the attention of ELV with some robust arguments as to why it is not required or is not fair, but this is not a change that ELV can currently make without discussion with EPI management.

3. This Extra Person Levy has not been thrown off the burner and will continue to be addressed.

THE TARGET LEVY VERSUS EPI's MAINTENANCE RESPONSIBILITY

In response to a question from Ton Weber regarding painting the properties every 5 to 6 years and its inclusion in the budget, GR reiterated that:

1. EPI pays for the painting of the units (exterior) and that this cost is not and will not be included in the village's operating budget or in the target levy.
2. All capital expenditure in the village is the responsibility of, and is paid for by, EPI.

PROPERTY RATES

GR and AdP recorded that property rates, other than those pertaining to the common areas, will now fall away and not be accounted for in the budget.

HOME CARE

In response to some queries from residents on home care and people possibly having a fall, GR noted that:

1. The village is an Independent Living Facility and Lifestyle Village.
2. There are less than 10 people in the village that currently require home care and Evergreen Health has already started conversations with the affected residents.
3. Affordability will be discussed with affected residents but assurance is given to affected residents that they will not be left in the lurch.

METHODOLOGY OF CALCULATING THE LEVIES

John Drake raised a question on the methodology of calculating the target levy, where he felt that there was now a unilateral change in the methodology of calculating levies and therefore questioned whether there was a need for an addendum to the LRA (change from square meters basis to target levy basis) and further whether the legality of such change in methodology had been tested.

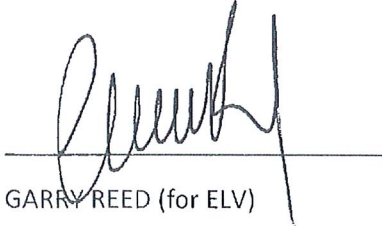
GR responded their opinion is that the levies as shown in the LRAs are estimates and any increases can and will be based on the actual operating expenses of the respective villages. In addition, the target levy methodology was now going to be applied across all villages.

HISTORICAL DEFICIT AND FUTURE SURPLUSES


GR confirmed that:

1. A line was being drawn in the sand with regard to purported past village losses and that any past losses or surpluses up to February 28, 2022 would be removed and the starting point for losses or surpluses as from March 1, 2022 would be NIL.
2. Any future surpluses from March 1, 2022 onwards will be ring-fenced and will belong solely to Life Right Holders. These surpluses will either be used as a one-off rebate on the Life Right Holder's levy statement prior to the end of the financial year (i.e. a credit to levies for affected residents before the end of February in a particular year) or would be used to reduce levies for the following year.
3. GR explained that any levy surplus will be viewed in a 24 month cycle.
4. Discussion on how best to utilise any surplus would form part of a discussion between ELV and Rescom / Fincom members.

There being no further business to discuss the meeting ended at 11h45.



GARRY REED (for ELV)



ALAN BAXTER (for Rescom)