

**EVERGREEN BROADACRES FY 2023 BUDGET PRESENTATION AND  
DISCUSSION HELD ON 10 MAY AT 10H00 AND 13H00 AND 12MAY AT 10H00 IN  
THE CLUBHOUSE**

**CONSOLIDATED NOTES FROM ALL MEETINGS**

**1. WELCOME AND PURPOSE**

The Village Manager, Wilma Swart (WS), welcomed all present to the meeting and explained her intentions with the meeting which were to engage on the following topics as set out in the circulated agenda:

- Clarifying the different entities within evergreen retirement holdings and how they tie together
- Clarifying the average levy amount used in the budget
- Budget presentation and assumptions
- Catering and health care fee considerations
- Question and answer session for questions not raised and answered in the two documents distributed
- Voting details

**2. CLARIFYING THE DIFFERENT ENTITIES WITHIN EVERGREEN  
RETIREMENT HOLDINGS AND HOW THEY TIE TOGETHER**

Evergreen Retirement Holdings is a wholly owned subsidiary of AMDEC in which PSG has a 50% share. Evergreen Retirement Holdings in turn comprises four subsidiary companies, namely Evergreen Property Development (EPD); Evergreen Property Investment (EPI); Evergreen Lifestyle Villages (ELV) and Evergreen Health (EH).

Evergreen Property Development is the company which manages new developments for Evergreen Property investment, which is the owner of the land and physical assets of Evergreen Lifestyle Villages, Evergreen Lifestyle Villages has been appointed by EPI to manage the Villages and is the operator as referred to in LRAs. Evergreen Health is the company contracted by ELV to provide health services in some villages.

In response to a question, the names of the managing directors of these companies were provided as follows:

EPD/EPI: Cobus Bedeker  
ELV: Garry Reed  
EH: Elize Porter

### 3. CLARIFYING THE AVERAGE LEVY AMOUNT USED IN THE BUDGET

WS presented the number of each type of unit and the relevant levies, which was used to determine the average monthly levy reflected in the budget. The 2.9% increase for FY 22/23 shown in the second column was as a result of the remainder of the year impact of the increase imposed with effect from 1 September 2021.

NUMBER OF UNITS	238		238		
HOUSE LEVY PER MONTH - Cottage	18	R 2 408	18	R 2 478	2,9%
HOUSE LEVY PER MONTH - Small	41	R 4 093	41	R 4 212	2,9%
HOUSE LEVY PER MONTH - Standard	64	R 4 574	64	R 4 707	2,9%
HOUSE LEVY PER MONTH - Large	7	R 4 815	7	R 4 955	2,9%
APARTMENT LEVY PER MONTH - 1 Bed	46	R 2 408	46	R 2 478	2,9%
APARTMENT LEVY PER MONTH - 2 Bed	62	R 2 889	62	R 2 973	2,9%
NEW HOUSE LEVY PER MONTH - Cottage sizes wef 01.03.2022					
NEW HOUSE LEVY PER MONTH - Small sizes wef 01.03.2022					
NEW HOUSE LEVY PER MONTH - Standard sizes wef 01.03.2022					
NEW HOUSE LEVY PER MONTH - Large sizes wef 01.03.2022					
NEW APARTMENT LEVY PER MONTH - 1 Bed wef 01.03.2022					
NEW APARTMENT LEVY PER MONTH - 2 Bed wef 01.03.2022					
AVERAGE MONTHLY LEVY		R 3 476		R 3 578	2,9%
CATERING - all sizes wef 01.03.2022				R 250	-
MEDICAL - all sizes wef 01.03.2022				R 250	-
<b>Revenue</b>		<b>10 747 486</b>		<b>9 089 124</b>	<b>-15,4%</b>

A number of residents raised concerns that they could not identify their levies from the list provided. It was agreed that a more detailed general explanation would be provided but that anyone who wished to engage with WS on their individual cases was welcome to do so.

It was explained that historically the additional person levy had been included in the basic levy. A concern was raised that in some LRA's this additional person levy had been set at R350 per month for the 2-3 years in advance included in the relevant addendum to the LRA.

It was not clear on what basis this amount had been increased to the current R500 per month. It was generally not clear how the additional person levy had been calculated. Agreed this should be explained.

In response to a question on the case where there was second additional person occupying a unit, it was confirmed that two additional person levies were being charged in this exceptional case

Confirmed that additional person levy was increased proportionally to basic levy.

### 4. BUDGET PRESENTATION AND ASSUMPTIONS

- Balanced budgets

- Market related levies
- Reasonable services
- Village comparability
- Labour vs Technology

There was no opposition to a breakeven budget, but significant opposition to laying the burden of achieving breakeven on the residents, when there was no engagement with residents on the decision to subsidize operational losses.

Residents had not understood that catering and health care services were specifically being subsidized.

Concerns with the ongoing operational deficit were raised by ResCom on a number of occasions but specifically in the year before Acacia was completed and handed over. In that year ResCom developed a budget taking into account levy income from Acacia, which resulted in a budget with a surplus. When Evergreen presented its budget, it again reflected a significant deficit, largely as a result of an increased staff establishment and therefore costs. On raising concerns about the deficit ResCom was told there was plenty of money they should not worry and that the subsidy would continue.

At no time in any discussions were residents advised that catering and health care services were in fact being subsidized. The proposals that in effect lay the burden on residents, of achieving a breakeven budget which are perceived to be more as a result building apartment blocks that are not selling well as unfair.

It was submitted and supported that “ we are overmanaged over administrated and overserviced.” In general savings have to be found elsewhere to achieve the breakeven point.

WS presented various elements of the budget as follows:

### **Head office and insurance costs**

Not opposed but considered excessive despite the discount as a result of the lower number of operational units versus the capacity.

Rights and obligations of burst geyser confirmed as being in terms of LRA.

### **Clubhouse expenses**

The reduction as a result of EPI taking over responsibility for the gym equipment on the basis that it is infrastructure was welcomed.

### **Employee costs**

Questions were raised on the 7.8% increase in this item despite provision for salary increases being set at 5%. WS explained that the higher number was due to other

employee costs like leave provisions and inclusion of an additional post. Questions were raised as to the need for 24/7 staff availability in the Clubhouse. Agreed question needs to be answered.

Duties of night staff include answering the phone and attending to emergencies Admin work e.g. Kim does monthly activities schedule.

WS confirmed that all options are on the table.

### **Travel expenses**

Based on GR coming to Johannesburg on a quarterly basis.

### **Village Maintenance**

Some incorrect allocations in the past had resulted in higher than relevant costs. This was rectified.

*Window cleaning:* currently EH billed for portion of the cost. In future will have separate contract.

### **Garden maintenance**

A concern was raised that the level of garden maintenance had deteriorated on the outside sidewalk of the village since Hennie Du Preez stepped down from his involvement with gardens. WS explained that this area is where the new developments are happening on the other side of the road and that parking of construction vehicles impact on this.

### **Security**

New site manager has not resulted in an increase in security cost. Fixed fee contract.

## **5. CATERING AND HEALTH CARE FEE CONSIDERATIONS**

The separation of health care and catering services from the basic levy was generally not accepted by meetings and many referred to access to health care as being referred to in their LRAs. The consistent answer was that if the actual service is not in the LRA it has not been paid for and this must now be rectified.

In response to a concern from residents raised in written questions the principle of cost reduction was introduced: when service is terminated is applied. For example, if EH vacate the frail care facility, security cost will remain the same, thus no reduction in security cost. Same for garden services.

If the same principle was applied to catering and health services what would the savings in the cost these two services be if they were discontinued? Agreed question to be answered.

The proposed healthcare and catering levies are based on occupied units but as they are availability charges attached to units, the question was raised as to why they were not part of the payment made by the developer. (Thus, why are we using the 161 occupied units and not the 238 available units?)

These levies are based on access to a service for which a registered nurse must be available for the times stated in the option selected. It is clear that a unit with dual occupancy has double the potential to use the service. Agreed that an approach to differentiation between single and dual occupancy for these services must be considered.

### Catering

WS presented the current approach to catering.

<b>CATERING:</b>	
<b><u>Current Arrangement:</u></b>	
Contract Management Fee (current)	47213,25
Meal Discount (Current ave last 3 months)	-8612,2
	38601,05
Units	161
Cost per unit	R239,76
<b>Operating hours:</b>	
Mon - Fri: 08:00 - 17:00 and 1 Sunday lunch a month	

Comment that it was not necessary to pay R250 per month when the cost is actually only R240. Comments that there may be different ways of looking at catering. Proposals should be forwarded to Laurraine for inclusion in consideration. Need to know the cost of different options.

Agreed that proposals could be forwarded to Laurraine for inclusion in final submission to GR.

Proposals raised in third meeting:

Residents need an incentive to attend meals. E.g., include a few compulsory meals every month.

Bistro should be open over weekends.

Explore possibility of selling frozen meals  
Expansion of the current a la carte menu.

WS confirmed that all options on the type of service offered by the Bistro are on the table.

## Healthcare

WS presented the following potential options for health care.

<b>HEALTHCARE:</b>	
<b><u>Current Arrangement:</u></b>	
Management Fee monthly 24/7 - 7 days a week	52 325,00
Units	161
Cost per unit	<b>R325,00</b>
<b><u>Proposal: 1 day per week</u></b>	
Management fee - monthly 8am - 5 pm	5 500,00
Mobile clinic 1 day a week	
Units	161
Cost per unit	<b>R34,16</b>
<b><u>Proposal: 3 day per week</u></b>	
Management fee - monthly 8am - 5 pm	16 400,00
Mobile clinic 3 x days a week	
Units	161
Cost per unit	<b>R101,86</b>
<b><u>Proposal: 5 day per week</u></b>	
Management fee - monthly 8am - 5 pm	27 400,00
1 x Registered nurse 5 days a week	
Units	161
Cost per unit	<b>R170,19</b>

Questions were raised on the link between the staff requirements which underpinned the cost to be funded by a levy and the payment that is made to EH for any procedure. If we are already paying for the time of the registered nurse then the payments should only be for consumables. The other challenge with the health service is to pay so much for the service when there is still no sign of it being medical aid recoverable. The billing system remains problematic.

Since the first two meetings were held, a letter on home care had been circulated. This letter offered services that would not be paid by most medical aids subject to their conditions. EH had obtained a practice number for Muizenberg and was receiving a lot of assistance from Discovery Health and others with its application for a practice number. The only outstanding issue was the inspection by Department of Health, which is imminent.

WS confirmed that one EH had a practice number it would be able to apply for a sub-acute license.

Utilisation of the current service for the past year was 1,9 calls per week. It was recognised that once the practice number is obtained utilisation may increase. Service contract with EH can be amended with 1 months' notice.

Confirmed that the telecare red button was available to summon emergency healthcare 24 hrs regardless.

## **6. QUESTION AND ANSWER SESSION FOR QUESTIONS NOT RAISED AND ANSWERED IN THE TWO DOCUMENTS DISTRIBUTED**

Confirmed that the changing of the annual levy increase date from 1 September to 1 March would require an addendum to the LRA. A question was raised as to what would happen should a person refuse to sign the addendum. Agreed question to be answered.

Total cost must be addressed not only healthcare and catering.

Reference was made to the answer in document 2, which referred to a total of R3.5 million contribution from EPI and the question was raised as to why this amount was not reflected as income in the budget as it would make a significant difference to the current approach.

If this amount is reflected as revenue in the budget, there would be a sufficient amount to pay the catering levy and it could be added to the levy account at neutral cost.

A) During FY22, EPI has funded the Broadacres operation by contributing to

- unsold unit's levies R2.8m;
- unsold unit's rates R0.1m; and
- operations losses R1.1m

To simplify administration, it was decided to let all unsold units' levies and rates accumulate, together with operations losses, "in the bottom line" which will still be funded by EPI.

Per the FY23 budget, the EPI contribution is R2.8m (inclusive of unsold units' levies and rates).

Above represents the operations loss line of R2.8m in budget FY23.

## **Refurbishment policy**

Confirmed that residents could be involved in discussions on refurbishment policy to address the high level of unhappiness in the Village on this topic.

## **7. VOTING DETAILS**

WS summarized questions that need to be asked as follows:

- Do we want Catering and Healthcare?
- If no, it will be cancelled and we carry on with the 0% increase and budget as presented.
- If yes, which one of the two and to which degree.
- Do we pay for the service we want or do we want to go find savings in other places to cover these services?

WS presented a way forward as follows:

If consensus cannot be reached, we will have to put it to a vote and the suggested date for this would be Friday 20 May 2022.

Voting would take place at the Lifestyle Centre.

Ballot forms will be handed out on arrival and residents would vote and place ballot forms in voting box.

Box will be opened by management and ResCom together and counted.

Results will be shared with residents as soon as they are available.

Voting basis would be per unit as set out in the House Rules. Ballots would be kept confidential. Provision would be made for special votes for people that could not make it to the Clubhouse on the day.

It was requested that the questions on the Ballot forms should be circulated in good time before the actual voting.

The request to reschedule the voting day for a later date was acceded to and voting would now be on 27 May 2022.

## **8. CLOSURE**

HduP thanked WS for giving residents the opportunity to air their views.

WS closed the meeting and thanked everyone for their attendance.