

**ITEMS FOR DISCUSSION AT
EVERGREEN MUIZENBERG AGM
30 MAY 2022**

LEGAL

1. *Building Insurance, what will happen if LRA owner refuse to pay anything towards this?*
(Sozon Christie A122)

Building Insurance is listed as part of basic facilities and services in your LRA; thus, Life Right Holders have already agreed to payment thereof. It is included in the annual village budget of which your levies are determined. You are aware that we propose 0% increase in basic levies.

2. *Evergreen has introduced a charge for the insurance of the buildings and head office expenses within our levies. The Residents do not own their homes, we have paid for the right to live here for the rest of our lives, Insurance is surely the responsibility of the owner of the buildings, namely Evergreen Lifestyle Villages, so why are the residents to be charged in our levies? It is our responsibility to ensure the contents of our homes. Most, if not all of us, are retired, with a fixed income, and with the price of everything going up, mostly due to Covid, and the cost of fuel having risen, I feel it isn't fair to make **Evergreen's problem, our problem**. Please explain to somebody who is not clued up at all in financial matters. **(Vivienne 't Hart, Apt 28)***

Insurance expense forms part of basic facilities and services, (Either Clause 12 or 13 in respective LRA's) and thus covered by the monthly basic facility and service levy charged on the levy statement. Up to August 2018, Insurance was carried by the respective Villages. Due to an administration error this expense was allocated to another entity. The LRA is though clear that insurance should be included as part of basic services, thus the inclusion since FY22. Building Insurance is listed as part of basic facilities and services; thus, Life Right Holders have already agreed to payment thereof.

3. *Building & Liability insurance - this is a definite charge to the seller and occupants may not be charged for these property costs, could the resident please be told what the basic levy covers? - **(Audrey Marshall – House 63)***

Insurance forms part of you Life Right agreement. Insurance has always formed part of the village expenses - this can be seen in the village management accounts from 2014 – 2019 so it is not something new and has been minuted in AGM meetings for those years.

Please refer to your LRA for list of facilities and services included:
Administration Costs (including IT, printing & stationery, etc)
Staffing Costs (including uniforms, training, etc),
Building and Public Liability Insurance,
Security,
Gardening and Basic Maintenance,
24-hour response system (Telecare/Medical response),
Cleaning Expenses/Hygiene/Health & Safety
DSTV & Newspaper Subscriptions,
CSOS.

12. FACILITIES AND SERVICES

- 12.1. The Occupant acknowledges that the Evergreen Lifestyle Village healthcare philosophy is based on providing health care services in the Healthcare Centre and home based care in the Unit.
- 12.2. The nature and extent of the basic facilities and services that are to be provided or rendered in connection with the Housing Interest shall include the following:
- 12.2.1. Perimeter security and access control;
 - 12.2.2. Emergency nursing care and 24 hour response system;
 - 12.2.3. Building and public liability insurance;
 - 12.2.4. Maintenance of all communal property, external maintenance of all buildings and maintenance of all communal gardens;
 - 12.2.5. Provision of monthly levy accounts and statements;
 - 12.2.6. Employing and contracting an adequate complement of qualified staff to ensure that all services specified are provided; and
 - 12.2.7. Access to and usage of the Lifestyle Centre and facilities housed therein.

4. *At present the residents have not been notified officially as the decision made re the Bistro and availability of a nurse and the levies thereof charged, however the new levies requested by Evergreen for catering and healthcare are written into the budget, Can Rescom confirm that the levies can still be charged once the budget has been approved-*
(Toni Joubert- H86)

The budget does not require approval from residents as per the Life Right Agreement, however to confirm is yes, the healthcare and the catering levy can be changed, this is the proposal of involving the residents in this matter.

5. *Has the matter of the objection to the valuation of the houses in Phase 3 been resolved if not, why not? (Mrs. J. Jefferies - 83)*

Evergreen employed the services of an independent advisors of Norman Griffiths and associates in the objection to the valuations. The application to the Valuation Board was unsuccessful. Their response was received in a 17-page document outlining why they believe the valuations are indeed correct. The only recourse would be a Review Application to the High Court, which is costly. Evergreen board decided not to pursue the matter further.

6. *Are the nominee's life right owners and please verify through head office, how will the voting be done at the AGM and when will this process be explained to us –*
(Michelle Jones Phillipson APT 6)

All nominees are life right holders AND only life right holders may vote. At the AGM each life right holder will be given a ballot paper to vote and then deposit into a ballot box. One vote per unit.

7. *How many nominees can we vote for on our individual ballot form? (Michelle Jones Phillipson APT 6)*

Six

DEVELOPMENT & MAINTENANCE

1. *Why should I be required to pay for hinges when they are replaced, in the past there were no charges as they were treated as part of the outside of the house. To my knowledge residents in the apartments are not charged for window hinges, will this rule of which we were unaware of apply to replacements of hinges in both apartments and houses in the future? –*

(Anonymous)

As per the maintenance protocol, residents are responsible for all moving parts i.e., window hinges, the owners are responsible for the structure.
The rule will apply to all hinges in the village.

2. *Towers on apartment blocks? Whose towers are they and if they do not belong to Evergreen is rent being paid – (June Orsmond –A234)*

The antennas on the roof belong to various mobile service providers. Rent is being paid to the property owners – Evergreen Property Investments. All electricity used by the antennas are on a prepaid meter and is paid for by the service providers.

HEALTH AND SAFETY

1. *I am concerned that recycling is not getting the attention it needs and wonder if existing systems can please be improved and updated and residents regularly be reminded about their role -(June Orsmond –A234)*

Agree, recycling does not get the continuous support and reminders it requires. Village management will improve on this. Recycling starts at the sources and unfortunately many residents ignore previous messages and notices appealing them to recycle.

FINANCE

1. *Head Office Expenses, will the Financial Director be available at the AGM to answer questions? If not, why not? (Sozon Christie A122)*

Yes, Dylan Pienaar Financial Director will attend the AGM as well as Alet Du Plessis – Financial Manager

2. *At the 2019 AGM I queried the discrepancy between the predicted (Evergreen) rates for my house and the actual rates I pay (Billie Wood house102)*

From the information on hand any discrepancy between the predicated and actual rate charge was reconciled by the accounts department once the CoCT started charging the actual rate. Furthermore, Evergreen employed the services of an independent advisor from Norman Griffiths and associates to objection to the valuations. The application to the Valuation Board was unsuccessful.

3. *When a property is empty or unsold, it is an asset for EPI, how can the potential levies on these properties appear on the 2022 budget for Evergreen as a loss? (Billie Wood house102)*

FY23 – the budget assumed 100% occupancy for FY23, thus question is not applicable.

4. *Was the Municipal rates problem for Phase 3 resolved? Question from 2021 minutes as per GR this was going to be discussed at the next Rescom (John Leslie Morgan House 2) If you refer to the objection then yes it has been resolved.*

5. *Notice of AGM, para 7, page 24 Muizenberg FY2023 has been omitted, why? (Sue Wood)*

Not sure what the questions is, page 24 is part of the AGM pack, it was not omitted.

6. *Annual Financial Report, page 24 not referred to on the agenda, why has it been omitted? (Sue Wood)*

This was a typing error; it was rectified soon afterwards.

7. *Budget 2023 – please explain levies -*

A decision was taken to not increase the basic levies in this financial year with the agreement from all residents to sign an addendum to move the levy cycle from September annually to March. Effectively that residents will get 6-month respite in levy increases as the last increase took place in September 2021.

The levies in the budget are based on the actual Life Right Agreements of residents. In the budget you will notice a line for Additional Person Levy – this is NOT an additional charge but rather split out from

the current levy being charged so the nett effect is exactly the same, simply shown now like this for transparency. This will be shown separately on the levy statement going forward

8. *Why does the budget include the cost of the bistro and clinic in our levy? When we did not sign for/ agree to these costs in our levies – (Michelle Jones- Phillipson – Apt 6)*

These costs are the availability fees in order to operate these facilities. They do not form part of the basic facilities and services. These costs are not in your levies and appear as an expense on the village budget. They have been subsidised by Evergreen but can not continue to do so in perpetuity. We are working to try and achieve an in principal agreement and then we can understand what the actual rand amounts are that is required to be paid. Evergreen is committed to working with the Rescom and coming up with a phased approach as a solution to the current situation.

9. *Items of income & expenditure report, insurance & H.O. expenses? (Mr.& Mrs. EK Turner – A332)*

Both of these items are contractual in nature and is in your signed life right agreement. Insurance has been paid by the village between 2014 and 2019 and is not something new. It was tables at all the village AGMs for these years without any objection. In terms of Head Office expenses, this is a cost of operating the business. Evergreen has decided that they would only charge these costs out at 50% of the actual expense although they have the right to charge the full amount. It is the most cost effective way to operate the business as it is centralised, should these finance, human resources, legal and management services all be employed in the village the residents will have a significant increase in expenses.

10. *Suggested levy on Bistro & catering – (Mr.& Mrs. EK Turner – A332)*

This is exactly what it is – a suggestion – ultimately this cost has been paid by Evergreen and can't continue to be paid for by Evergreen. We need to achieve an in-principal agreement on the payment and then we can finalise the actual rand amounts.

11. *The costs of the bistro and clinic fall outside of our LRA, residents have not agreed to be charged this, this should not be included in the budget – (Michelle Jones – Phillipson A6)*

Residents have not been charged for this at all – Please refer to your levy statement. – it is simply put in the budget as a proposal. The budget comes in to effect on 1 March 2022 and to date nobody has been charged and Evergreen has paid these fees. However, this practice cannot continue indefinitely and we need to work with the Rescom to come up with a solution that is in the best interest of both residents and the company.

12. *Management fee and the insurance - strongly disagree- Michelle Jones – Phillipson A6)*

Thank you for your comment – This is a contractual matter that is included in your signed Life Right Agreement. Furthermore, the village has been paying insurance costs from 2014 – 2019 so this is not something new. In terms of management, this is an operational expense and the most cost-effective way as it is a shared service. For example, should the village have to employ their own finance team and their own human resources manager the costs will escalate dramatically. Furthermore, although we are well in our rights to charge you the full amount a decision has been made to only recharge residents for 50% of the actual cost. For the sake of clarity, these expenses relate only to Evergreen Lifestyle Villages and not to any of the other Evergreen companies.

13. The Financial Director should talk us through the reasoning for every item line - the notes attached to the income statement do not adequately clarify the FY2023 figures in particular the points below.

Both the Financial Director and Financial Manager will be available at the AGM to answer questions.

- **Total Revenue** - shows an increase of 11.4 % as 12 months of R 380pm for 260 units has been included as Catering and health care (Clinic) Levy income of R 1 1856000. This Service Levy has not yet been agreed and should only apply for 6months from 01 Sept 2022 after the current levy period ends, not from 01 July 2022. We are already being charged 6% increase on basic levies to 31/08/2022
The Catering and Healthcare fee has not been implemented and will be reviewed at the 6-month forecast, which will show a larger loss incurred at the village. There has been no increase in basic levies for this financial year.
- **Levies: Houses & Cottages** (should incl, apartments) Actual FY2022 of R 10 779 175+6% = R 11 425 925 although only R 10 922 160 is shown so R 503 765 can be set off against the catering and healthcare levy income as that will reduce that calculation to 7months instead of 12 months.
There was no 6% increase in the levies and therefore your numbers are incorrect.
- **Developer Subsidy** – needs clarification, as has not been shown separately in Management accounts to Feb 2022.
The developer underwrites the shortfall of the village and it is therefore included.
- **Unsold Units** – my May 2022 telephone list shows 2 houses & 21 apartments unsold. Therefore, I do not understand why there is no budget number of unsold units, as EPI should be liable for unsold unit levies
To simplify the financial documents
- **Levy Income-** Catering R 561 6000 & Clinic R 624 000, thee levies total R 1 185 600 which calculates to 12 months for 260 units @ R 380.00 pm (R 180.00 + R 200.) this has significantly not been agreed for 12 months.
Correct you will see that the 180 and 200 is shown on the top line in the levy/income section. At the point in time this is a budget and we agree that it has not been implemented, this will be reviewed at 6 Months when the forecast is issued.
- **Head office expenses recovery** – this seems to be a new cost only brought into management accounts for Feb 2022 this month.
This is a contractual matter that forms part of the Life Right Agreement under basic facilities and services. Although Evergreen has been within their rights to charge this fee since inception it has now decided to implement it, at a reduction of 50% of the actual expenses. This is a cost-effective way to ensure that a centralised service to the residents is provided.

- **Insurance** – we have been informed that this is for property & public liability insurance, this cost should be paid and borne by the owner of the property, Evergreen Property investment, as our residents don't own the properties. This is a contractual matter that forms part of your signed Life Right Agreement under basic facilities and services. Insurance has been charged in the village from 2014 to 2019 and it is not something new.
- **Village maintenance** - we trust that this reduced amount still included Preventative maintenance eg, gutter and drain clearing as well as lubricating door and window moving parts.
Yes, it will
- **Evergreen Property investments** – Funding operations Loss, this clearing of brought forward loses is to be welcomed. Evergreen needs to view Evergreen Property investments & Evergreen Lifestyle Villages as a combines group. Silvermine Retirement Village only operates as 1 entity so that capital profit/losses can be utilised to keep levies at a reasonable level
(John Leslie Morgan)

HEALTHCARE

1. Are the Evergreen Lifestyle Muizenberg Management aware they are not communicating with LRA holders, how we have moved from the LRA Statement Annexure D2.1.1 meals at commercial rates to heavily subsidized meals? Does the Healthcare Company pay the subsidized rate? **(Billie Wood house102)**

Evergreen Lifestyle Muizenberg Management are not aware. From the outset the Evergreen group has always subsidized the catering facility at MZB. This is however financially unsustainable and Evergreen is reverting to the LRA, where meals at commercial rates will be available. The agreement between Evergreen Health and the catering company has no bearing on the Life Right Holders.

2. How did we move from telecare to a 24/7 clinic service? **(Billie Wood house102)**

Telecare is the only service that should be engaged at any time. Residents must press their red button and not call the clinic or the frail care or reception. Over the years residents have

not pressed the red button but rather phone the clinic. This is a practice that must be seized as it leads to an ambiguous agreement and expectation.

3. *I believe that a nurses/clinic to provide daily nursing care for minor health problems is a basic necessity that should be provided by any retirement complex. Can a majority of residents voting against this, legally cancel 12.2 of the LRA (home based care may on request be made available for the minority) **Toni Joubert H-86***

No, home based care will always be available. We are trying to work together with Rescom in order to find a solution.