

The Mutual Heights Body Corporate

Seventh annual report from the Chairman of the Trustees

June 2012

This report concerns the management of the building and the activities of your trustees for the period July 2011 to June 2012.

Four meetings of the Trustees were held in that period, the first immediately after the AGM (on 29 June 2011), at which I was re-appointed chairperson. As before, a number of other ad-hoc meetings have been held in order to progress specific aspects of our business, some of them with lawyers, some with service suppliers, and some with the contractor dealing with the damp works.

Composition of the Trustees

In the period of this report, your trustees have included:

- Andrew Bytheway (Chairman)
- Simon Hudson
- Susan Lieberman
- Jonas Thulin
- Dion Williamson
- André Williams (Old Mutual Properties)

I would like to express my appreciation of the time and effort that trustees have put in this year, for everybody's benefit. It has been a busy year and some progress has been made in important areas of concern (for example in damp works). However, in other areas (legal) it has been very difficult to achieve the progress we had hoped.

Financial matters

The financial reports are available elsewhere in the meeting papers, and it is not necessary to dwell on the details here. Prior attention to the rapidly increasing cost of services has paid off, however, and this year the proposed levy increase has been contained to 3%. Happily, we have also been able to preserve our healthy reserve, which will be critical as we continue to spend on exceptional items like legal fees, and essential maintenance where damp leads to serious problems with particular sections of the building.

Please do not assume that future increases will be maintained at this low level, the majority of our costs are quite outside our control (rates, electricity, water, and so on) and there is no way of reducing them. The valuation settlement with the City authorities has led to a rebate that will (we estimate) cover the legal and other costs of then battle with Council – so that seems to have been a zero-sum exercise.

The energy audit that we set out to organise last year led to endless difficulties with the chosen supplier, but happily we now find that there is a scheme that will allow us to undertake a professional audit within Eskom policies for energy reduction. More about that soon.

The building

Internet service

As reported last year, the nature and availability of Internet services generally continues to change rapidly. Owners and residents now contract directly with Dynacomm – the body corporate is not directly involved. However, we keep in touch with Dynacomm and we note that there is still a significant number of “subscribers”, and they continue to try and improve the service. All comparisons of the *total* cost of Internet services indicate that their pricing is reasonable for typical users.

Damp penetration

The first phase of the work has proved to be successful: the very serious problems in a badly affected apartment have been solved and we have a very good working relationship with the contractor and the consulting waterproofing expert, both of whom were diligent in keeping us informed. Further, we can now anticipate much more accurately the nature and cost of the required work. I will present the results of the 2012 "damp survey" at the AGM, which shows that problems are continuing. Owners and occupiers must inform us as soon as there are further signs of unacceptable damp.

We have agreed that a further R500,000 should be allocated from our reserves for further critical work to be done, and the second survey of perceived damp problems indicates clearly that the west side of the tower and the upper and middle sections of the Longmarket side of the building are the elevations with the most problems. We are engaging with the contractor again, to see how far we can get with that allocation of funds. Because we have a reasonable expectation that our legal claim will (eventually) succeed there are no plans to raise a special levy for the damp works; however I have asked that the options for special levies be presented at the AGM for discussion. Please be prepared for that.

I will say yet again that my personal opinion is that there is probably a 40-year cycle of work that will be needed on the exterior of the building. We need to plan for a steady rate of expenditure on the fabric of the building that is sustainable. Previously the rental for the "Old Mutual" sign was extremely useful to defray these costs but it has proved impossible to find a new "tenant" for the advertising wall space that held it (did everyone notice that it has now been removed?) - any ideas as to prospective advertisers would be welcome.

The Banking Hall

There has been no conclusion about the use of the Banking Hall – efforts to promote the opportunity and discuss ideas seem to have produced no outcome. It is, of course, still owned by the Old Mutual. It has however served well as a location for occasional filming, and other activities needing such a glorious space.

Air conditioning

As many of you will know, we have been struggling to find an economical solution to the cost of air-conditioning. One unit has now been fitted with a small compact unit that discharges heat (when cooling) and cold (when heating) into the atrium. It seems to have worked well, although this is not a solution for larger apartments, and it is subject to having a means of egress for the air that emerges. Did anyone spot this installation? If not, then our concerns that it might cause problems seem to have been dispelled. We can provide more details at the meeting.

Other issues

This year it became apparent that the plumbing of our geysers is (seemingly) not compliant with SABS standards, and as sale of property now requires a plumbing certificate (as well as an electrical and beetle certificate) this has caused difficulty in at least one case. We have managed to get a very reasonable quotation for the cost of rendering the plumbing compliant, but owners and residents will of course have to make access possible for the contractor. Those who do not do so on the appointed days will have to make arrangements at much higher cost, so it is worth the effort to fall in with the general effort here. Again, we can provide more details at the meeting.

This is another case where the developer failed to ensure that work was done to proper standards, and it seems – unbelievably – that the city authorities never issued an occupancy certificate for the building ... how do these things happen?

Another problem is the fire detection system. Yes, it works, but no, it does not come up to the standards that we need. This work has now been quoted for and there will be a special levy to deal with it, as it was not anticipated and will be significant. At the same time, there is unscheduled work needed on the cooler units on the roof of the building. More details to come.

Legal process

The legal process has continued to move very slowly, principally because Murray and Roberts (second defendants after Old Mutual) brought in arguments about the subcontractors who actually did much of

the damp-proofing work. Although we are not privy to the details, we gather that this has been a very nasty affair, and we were helpless to do anything but watch from a safe distance. One happy consequence was that the costs of our legal activities were minimal during this period.

That argument is now resolved, and the High Court processes are now taking over. An early move will be a pre-trial meeting of all concerned. We will continue to keep you informed.

Community

Again, there was no party this year, perhaps the meeting will decide to re-instate this annual event at the start of 2013?

Communications

I circulated newsletters in October 2011 and February, but there has been plenty of email traffic about specific issues. I continue to keep the web site up to date, if you need to get an update on what is going on, you must always remember to go there first (<http://www.mutualheights.net>). A particular problem this year has been the sudden scamming based on false offers of property to let; one prospective tenant lost nearly R10,000 to a scammer who now features on our web site (including an image of his passport, if it is indeed him!). A number of people have contacted me to thank us for helping them to avoid this trap. The Wikipedia page about the Mutual Building (http://en.wikipedia.org/wiki/Mutual_Building) has also served us well in promoting the building to the wider community.

Safety, Security & Services

Services seem to be going well, although we had one major incident, where short term residents destroyed the glass door to the Adderley car parking. The security staff failed to respond, and the contractor has been "fined" an amount equivalent to the cost of repairs. They have been put on notice that any further problems will lead to more serious consequences. Charles Keefer moved very quickly and we must thank him for dealing with this very effectively.

Do **please** let us know if you have any concern or comment about services. We are fortunate that the management team is very pro-active, but if they do not know about a problem they cannot do anything about it. And they cannot be at all places at all times ...

Filming and road works: noise and nuisance

We are still **not** convinced that the city authorities are taking the promised steps to manage filming responsibly, with the needs of residents in mind. There have been meetings with the new ward councillor and much correspondence; let's continue to keep an eye on this thorny area. However, as the financial results show, we have benefited from some filming income ourselves so let us not be completely churlish about this!

Final words

I thanked my fellow trustees at the start, let me now thank Charles Keefer and his staff for their excellent service. On your behalf, please let me extend our thanks to the whole management team.

With warm regards,
on behalf of the Trustees,



(Professor) Andy Bytheway,
Chairman of the Trustees, Mutual Heights, Cape Town.
info@mutualheights.net