ANZAC HOUSE BODY CORPORATE NO. 66017 (WELLINGTON REGISTRY)

Minutes of the Annual General Meeting of ANZAC House Body Corporate No. 66017 Wellington Registry held by Zoom in accordance with Section 88(3) of the Unit Titles Act 2010 and Clause 2 of the registered Rules of the Body Corporate, on Wednesday 2 December 2020 at 10.45am

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PRESENT: Stuart Campbell (Principal Unit 4), Chairman
Eran Ben-Shahar (Principal Units 1, 2, & 3), Paul Cheng (Principal Unit 6), Marty Donoghue (Principal Unit 7), Michelle Mazey (Principal Unit 8), Russell & Sarina Joseph (Principal Unit 9), John Hickey (Principal Unit 10), and Ken Saban (Principal Unit 11),

In attendance: Mr N Cowan (Secretary)

WELCOME AND OPENING:
Mr S Campbell welcomed all members present and opened the meeting.

PROXIES:
Proxies were received for the meeting as follows:

Principal Units 1, 2, & 3 – Ground Floor	BS Family Holdings Ltd to Eran Ben-Shahar
Principal Unit 4 – Level 1	Campbell Trust Partnership to Stuart Campbell
Principal Unit 7 – Level 4	Royal NZ RSA Marty Donoghue
Principal Unit 8 – Level 5	Clubs NZ Inc to Michelle Mazey
Principal Unit 9 – Level 6	Jordynne Carrington Properties Ltd to Russell or Sarina Joseph

The Proxies were noted for the purpose of the meeting.

MINUTES:
The Minutes of the Annual General Meeting held on 2 December 2020, having been circulated, were taken as read and confirmed. In term of the insurance it was suggested that renewals be considered each year.

CHAIRMAN'S REPORT:
Mr Campbell, Chairman of the Body Corporate, presented a verbal report for the past year which he indicated had been a quite year. He made the following comments:

- There had been no further leaks from the sumps on the verandah.
- The roller door to the garage may need to be reviewed next year.
- Safety and security had been the main issue.
- Various light bulbs had been replaced during the year.
- Graffiti on the building was a problem but the cleaner had dealt with this from time to time..
- Covid-19 had been on on-going issue and this would have had an impact on the businesses in the building.

The information in the report was received.

FINANCIAL STATEMENTS:
The Secretary presented the audited financial statements for the 12 months ended 31 March 2021 and explained various items in the report. It was noted the total levies received were $130,000.00 and no transfers were made to the Long-Term Maintenance Fund. The balance of the Long-Term Maintenance Fund was $54,480.08 and the Special Project Fund was $3,103.28.

As at 31 March 2021 the assets totaled $72,727.39 and current liabilities totaled $10,839.97.

The financial statements as audited for the year ended 31 March 2021 and as presented were adopted.

AUDITORS:
It was agreed that Dent & Heath be the auditors for the ensuing year.

BUDGET 2021-2022:
The Secretary advised that the budget reports were prepared for a 10-year period although the decision was for this current financial year.

The major increase relates to the insurance premium and this was explained in Note 6 of the financial statements. The replacement value of the building was $15,371,000 and the premium for this year had increase from $72,574.40 plus GST to $82,529.42 plus GST. This had recently been adjusted as the insurer required an updated replacement valuation on the building as one could not be done during the lock-down of Coved-19. The new replacement insurance valuation carried out by Truebridge and Partners had the value at $15,371,000 – an increase from the 2018 valuation of $14,122,000. As a result, the premium for $2021/22 was $82,529.42 and this was 50% of the total expenditure of the body corporate, so was a significant amount. When the insurance was renewed an alternative insurance broker was requested to seek insurance quotes. However, he was not able to obtain any alternative prices. The outcome from their enquiries was that no one had current capacity for Wellington buildings and the current offer from AIG was the only one for ANZAC House! They verbally advised that they tried to link ANZAC House to their client's insurer but this was not possible. The broker the Secretary used also requested quotes from 6 other insurance companies but none had capacity, nor seeking to write insurance in the region, nor did it meet their underwriting criteria. The broker also indicated what the insurance premiums would be if ANZAC House was located in either Christchurch or Auckland.

Previous Annual Meetings, including last year, decided that any of the special or major projects needed to be financed by way of Special Levy. It was not possible to avoid special levies as the funds have not been built up over the past few years.

The budget for this financial year had been prepared showing the Levies at $142,000 plus GST which was adopted at the AGM last year. It was necessary to show the budget projected out for 10 years and it showed that the levies would need to increase next year to $152,000 plus GST. Members needed to note that it would not be possible to remove the need for any special levy straightaway as that would impact on the current levies more than provided in the budget if special projects were undertaken. Major items of maintenance for future years were shown and some would require a special levy to meet the cost but not for some years. However, any such levy would only be required if the projects proceeded. The items were listed to give an indication of the work that may be required. The roof of the building had been inspected by a roofing contractor and the advice received was that as long as it was looked after it should last for a good number of years without renewal. It took enquiries from 7 firms before one was prepared to look at the work.

It was noted that it was not now possible to use the Long-Term Maintenance Fund to supplement the General Account and for Special Projects in the short term. Members should make financial provision for any Special Levy to fund the Special Projects involved as previously decided at the previous Annual Meetings. If projects do not proceed then the special levy would not be involved. This last year there was no transfer to the Long-Term Maintenance Fund and the budget this year shows the same position with no transfer to the Long-Term Maintenance Fund, and in fact not for the next 9 years. In this current financial year with the levies at $142,000 there was a budgeted balance of $2,745 to be carried forward to next year.

The existing door security system was updated 18 months ago. The work for the garage door would be completed in the next few days and the budget was $3,500 plus GST and was shown in the Long Term Maintenance Fund.

It was agreed

- That the Projected Operating Budget for 2021/2022 as set out on the budget report be approved.

- That the Long-Term Maintenance Plan and Budget for the years ended 31 March 2022 to 2030 as listed be approved.

LEVIES:
A discussion took place on the levies as indicated in the budget report for the year.

It was agreed
That the total levies for the Body Corporate for the 2021/22 year be set at $142,000 plus GST for the period 1 April 2021 to 31 March 2022 to be paid on a monthly basis.

CHAIRPERSON:
It was agreed that Mr Stuart Campbell be elected Chairman of the Body Corporate.

MANAGEMENT COMMITTEE:
It was agreed that the Committee comprise The Chairperson and a representative from each of the Principal Units with 4 members comprising a quorum as follows:

PU 1, 2, and 3	Eran Ben-Shahar – ground floor
PU 4	Stuart Campbel – level 1
PU 5	Geline Owczarek - level 2 (to be confirmed)
PU 6	Paul Cheng – level 3
PU 7	Marty Donoghue – level 4
PU 8	Michelle Mazey – level 5
PU 9	Russell Joseph – level 6
PU 10	John Hickey – level 7
PU 11	Ken Saban – level 8

MAINTENANCE COMMITTEE:
It was agreed that Mr E Ben-Shahar, Mr J Hickey, and Mr S Campbell be re-appointed as the Maintenance Committee for the year.

Mr Saban did not seek re-election to the Committee. He had been Chair of the Committee for many years, and he was thanked for the time he had given to maintenance and other important issues for the body corporate.

SECRETARIAL:
As indicated in the information provided to the Annual Meeting, Mr Cowan gave notice that he would retire from the position of Secretary to the Body Corporate as from 1 December 2021. He indicated that he had have been involved since November 1991 so this would conclude 30 years in this role. In terms of the contract 3 month's notice by either side was required.

Mr Cowan was thanked for the service he had given over 30 years. Mr Cheng expressed appreciation for the way the monthly accounts for payment had been arranged

It was agreed that with the retirement of Mr Neville Cowan as Secretary of the Body Corporate effective from 1 December 2021 be accepted, and the Maintenance Committee seek a replacement.

ASBESTOS MANAGEMENT PLAN:
It was noted that the Health and Safety at Work (Asbestos) Regulations 2016 requires an up-to-date Asbestos Management Plan for a workplace where asbestos or asbestos-containing material was identified, or was likely to be present. A Person Conducting a Business or Undertaking with management or control of the workplace must ensure that a written plan was prepared. This then affects not only the body corporate but all principal unit owners. There have been considerable improvements carried out by owners over the years and no asbestos had been identified. However, to comply with the Regulations it was essential that a suitable plan was prepared not only for the safety of employees but also contractors to the building.

It was agreed that in accordance with the Health and Safety at Work (Asbestos) Regulations 2016 approval be given for the following:

1. That each Principal Unit owner conducts an inspection of their respective principal and accessory units to identify whether or not there was any asbestos-containing material likely to be present, and to submit that report to the Maintenance Committee.
2. That the Maintenance Committee conducts an inspection of the common areas of the building to identify whether or not there was any asbestos-containing material likely to be present.
3. That the Maintenance Committee then advise all owners of the results of all inspections.

(Marty Donoghue left the meeting during this item)

SALE OF CAR PARK ON THE STREET FRONTAGE:
The Secretary advised that the body corporate owned 2 car parks on the Willis Street frontage to the building – one on either side of the entrance steps and basement access. These parks were rented to owners within the building at a weekly rental of $48.92 (plus GST). This gives the body corporate an annual rental from each car park of $2,543.84.

During the past year an approach had been made to purchase one of the car parks, but no firm proposal had been received so it could be circulated for all owners to consider, but it had been placed it on the agenda so that a discussion could take place. The issues were:

- The building as a whole had a total unit entitlement of 100,000 and each principal and accessory unit had a share of that total entitlement.
- Both car parks at the street frontage are part of the common property and as such the entitlement of them are included in everyone else's entitlement.
- For a sale to take place it would be necessary to have the car parks entitlement established, then all entitlements re-assessed so that the entitlement can be added to the accessory unit itself and everyone else's entitlement would reduce proportionately. Overall, the total unit entitlement would not change.
- With this adjustment the levies for each principal and accessory unit would also be adjusted, but the total levies required would not change.
- As mentioned it would be necessary to have a full re-survey of the building's unit entitlement conducted by a registered surveyor. There would also be legal expenses, valuation costs, and other related expenses involved. This can be an expensive exercise.
- The process also involves a subdivision consent so permission from the Wellington City Council would be required, and the building will need to meet the requirements of the section 116A of the Building Act, and this would involve a review of the building by a fire engineer.
- As mentioned the rental income to the body corporate was $2,543.84. A sale of the car park would mean a reduction of that income which would need to be recovered by either increase in levies or alternative income. To obtain that level of, say interest income, at the current interest rates for deposits a capital sum of some $230,000 would be required – that could be seen as the sale price of the car park!

There are processes that are required under the Unit Titles Act 2010. The following information had been obtained for this process:

1. There were two ways or processes, in which the sale of common property could be achieved:
    a. The first was where part of the common property was sold, and a new principal unit or accessory unit within the same body corporate was created.
    b. The second was where part of the common property was sold and removed from body corporate and was contained within its own separate fee simple title with no ongoing association to the body corporate.
2. Both processes involve **special** resolutions and the completion of the designated resolution process contained in sections 212 to 216 of the Unit Titles Act 2010.
3. In respect of the sale of common property to create either a new principal unit or accessory within the body corporate (1a above), it can be completed by way of a redevelopment under section 68 of the Unit Titles Act. This involves the deposit of a new unit plan in substitution for the existing unit plan, which creates the new principal or accessory unit. The new owner of the unit (if a principal unit) will become a member of the body corporate. As part of the process, all owners will have their ownership interests reassessed.
4. The sale of common property to be contained in a completely separate title (item 1b above) was a more complicated process. It requires:
    a. the cancellation of the existing unit plan
    b. a subdivision of the underlying lot to create two new titles, the separate title which can sold, and a title containing the remaining units; and
    c. a new unit title subdivision to create a new unit title development/body corporate for the remaining units.
5. Both processes necessitate obtaining subdivision consent from the Council and would require input from a surveyor, a valuer, a fire engineer, and a lawyer.
6. The proceeds from the sale of common property must be distributed to all owners in accordance with their ownership interests at the time of the sale. An owner may elect to have their share of the proceeds credited against current or future levies, but the body corporate cannot require this to happen. This means the body corporate would not retain the capital received, although it may resolve by a 75% majority to do so."

The Secretary indicated that a special resolution would be required for any sale of common property to take place. This involves a 75% majority with one vote only for each principal unit. There were 11 principal units so to agree to any sale would need to have 9 votes in favour.

The body corporate could lease the common property car park but that means it would retain ownership of it. This was not that much different than the current renting of it except that the lessee would have occupation rights but not attached to the ownership. If the decision was to sell, then **all** costs would need to be met by the owner of the principal unit making the purchase and not by the body corporate. When making the sale, the option to buy would be made available to all owners to submit a price. The same would apply if the decision was to rent or lease, and both the front car parks should be considered in such action.

This was fully discussed and it was agreed that the front car park be retained in their present ownership, and that a sale not proceed.

TRANSFER FEES:
It was agreed that the following transfer fees be charged by the Body Corporate when a principal unit was sold:

- Pre-Contract Disclosure Statement: $250 plus GST
- Additional Information required $350 plus GST
- Pre-Settlement Disclosure Statement $250 plus GST

CHARGING STATIONS FOR ELECTRIC POWERED VEHICLES:
Mr Ken Saban (level 8) requested that approval in principle be given for owners of accessory units (i.e. car parks in the basement) to install electric charging units for electric cars as an accepted activity on the following conditions:

- That such units are entirely located on the owners' accessory unit;
- That such units do not obstruct or interfere with other accessory units or the access arrangements to the common property;
- That the electricity supply to such units are either attached to the electric supply for the principal unit owner, or a separate supply was arranged with electricity payable by the owner of the principal unit;
- That the installation of any or all units be approved by the Maintenance Committee so that an accepted process and standard was maintained.

This was fully discussed and it was noted that there could be battery liability for electric cars which could be a significant fire risk. It was also noted that for other organisations there was a requirement that charging stations needed to be located a specified distance away from buildings.

It was agreed that the request be declined.

The meeting closed at 11.55am

Confirmed* ______________________________ *Chairman

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DISCLOSURE STATEMENT

1. The following information has been supplied to Capital Commercial (2013) Limited ("Bayleys") to be made available for distribution on the vendor's behalf to potential purchasers to assist purchasers with their due diligence and to use at the purchaser's discretion.
2. Bayleys and the Vendor do not warrant the accuracy or completeness of the information and recommends that all recipients undertake their own due diligence, obtain their own reports to their satisfaction and seek independent advice prior to committing to purchaser.