

PAVILION MANAGEMENT COMPANY LTD.

AGM 25/11/2017

Minutes of the Meeting

Post Office Club, Dunkirk Road, Lincoln. 11:15 am

Those Present:

The Board:

Ian Forrester - Company Secretary

Marijke Read - Director

Norman Read - Facilities Manager

Norma Tutty - Director

Philip Tutty - Finance Officer

Representation:

Houses: 3/7

Flats: 9/17

Shareholders:

Sue Hudson, Hannah Grewcock,
Pete Townsend, Richard Symes,
Jill Stonham, Jennie Boothman,
Sheila Bayes, Darren Wheeler,
Maria Booth, Gaynor Forrester.

Apologies:

Ms. Allen, Mr. Beatham & Miss
Seabrook, Mr. & Mrs. Billingham,
Ms. Edison, Mrs. Gardener,
Ms. Mettam, Mr. Over.

1.) Welcome:

The meeting was chaired by Norma Tutty.

Shareholders were welcomed and the Chair expressed the Board's gratitude for such a large turnout.

Many previous AGMs have been poorly attended, owing to the typical choice of a weekday date for the meetings, those being at a time which made it very difficult for people who work to attend.

Shareholders expressed their thanks for the choice of day (Saturday), timing and location of the meeting (close to the Pavilion) which made it far easier for them to attend.

Norman Read read out the apologies list for non-attenders.

2.) Confirmation of Agenda:

The agenda had been notified 3 weeks prior to the meeting and was deemed accepted as no objections had been received by the response return date.

3.) Minutes of the last AGM:

Copies of the minutes for final AGM with Lindum in Dec 2016 had been circulated by them and further copies were handed out at this meeting.

Matters arising from the previous minutes were reported on by Norma Tutty as follows:

1.) Garden Area:

The board has secured the services of a new gardener (who has been praised for his work and attention to detail) for a reduced price of £40 for two visits, a reduction of £10 on the previously reported unsatisfactory service. He attends twice monthly.

2.) On examining Lindum's advice to not have a Company Secretary, the new Board opted to keep the post as it was felt to be a vital role in the running of The Company.

3.) Handover of PMCL took place officially on 23rd February 2017.

Any Other Business:

4.) Shareholders were notified by email on 13/11/17 of the importance of adhering to ALL covenants in their leases, including the NO PETS rule.

These covenants MUST be explained to prospective TENANTS in rental properties as OWNERS are liable for any breaches
No pets have been reported to The Board since they took over the running of the company.

5.) Directors' details and contact information had been notified to all owners on 14/3/17.

The kind ladies who originally volunteered to do the weekly fire system tests had needed to step down for personal reasons and were replaced by two other residents. A long-term solution to this situation is required but that carries a cost implication. (See 7 Renewal Costs, below).

The Minutes were accepted by all as a true record of the previous AGM.

4.) Appointment of Director:

Norma Tutty explained that the Company Secretary, Ian Forrester had volunteered to be a Director of PMCL. Ian addressed the meeting briefly with his overview of The Company from a professional perspective and complimented Philip Tutty on the excellent state of the accounts and general financial planning he has put in place. He was proposed as a Director by Pete Townsend and seconded by Richard Symes.

5.) Management Company Accounts:

Philip Tutty, Finance Officer addressed the meeting.

1.) Unaudited Accounts:

The unaudited accounts for year ending 31st December 2016 were provided and discussed.

The PMCL is a small and a nonprofit making entity, therefore the accounts do not need to be audited and Shareholders have not required them to be. The Board stated its intention to follow this historic convention unless Shareholders vote otherwise. This was accepted. They have been filed at Companies House.

The surplus has been carried forward to next year and will form part of the allocation of reserves for future maintenance costs of the Pavilion.

The PMCL Shareholders now own the Freehold to the property.

There was a brief discussion regarding covenants to leases and it was made clear that all owners, whether resident or not, have a duty to inform themselves and their tenants of the importance of adherence to all covenants. For the sake of all residents, breaches will not be tolerated.

All owners have recently been sent a reminder about this.

2.) Income Reconciliation:

The Income Reconciliation forecast was also tabled to December'17.

Philip Tutty talked those present through the forecast and the actual income figures which were satisfactorily reconciled. Phil Tutty stated he welcomed Ian Forrester's appointment and "arm's length" review of the accounts.

A detailed Analysis of Expenditure as per Cash Book - Forecast for 2017 was examined and discussed.

Ian Forrester commented that all documents were fine and that we are in a good position.

3.) Analysis of Expenditure:

In the forecast figures 2017, costing for **Weekly Fire Alarm Testing** shows as zero, thanks to the 2 resident **volunteers** who perform that task on our behalf.

This represents a **large cost saving** for all flat owners at present but, regrettably one volunteer will have to step down soon for personal reasons. We therefore need at least one extra person for this task.

Should no-one step forward to volunteer as a replacement to carry out this vital weekly testing contractors will have to be engaged to do this at an estimated £1500 for next year. (See below)

Shareholders expressed their gratitude and thanks to Miss Edison and Mrs. Harvey for their efforts in performing these vital fire tests.

It was understood and accepted by all present that this change will affect the final figure for the Management Fees for next year. (see below).

The Board will thank them by way of a gift of flowers and cards as a gesture of everyone's appreciation.

It was explained that, in the year to date since the handover from Lindum, it has become evident that they were keeping many costs in house within their internal accounting systems. The new Board has had a steep learning curve and has had to incur costs not needed under the previous ownership, such as Directors' and Officers' Liability Insurance, Employee Liability Insurance, legal fees and more. As the building ages there is a necessity to build up reserves against future maintenance costs, demonstrated by the example cost of ongoing electrical repairs and replacements.

Evidently, the true costs of running the Pavilion, whilst maintaining high standards for the benefit of Shareholders and planning for future costs, is more than we were led to believe at the handover meeting.

As the current year has unfolded it has become clear that the previous level of the Management Fees did not reflect the true costs of a small company running the building.

All shareholders agreed that this clearly was the case and supported The Board in all its efforts to obtain best value for money whilst maintaining the high standards we all enjoy.

6.) Operation of PMCL since AGM December 2016:

Norman Read, Facilities Manager, elaborated on the document he had included in the pre-reading pack for the AGM entitled **Background to the Pavilion Management Co Ltd.**

He had compiled a non-exhaustive list of actions/activities undertaken by the Directors and Officers to demonstrate to Shareholders the vast amount of time and effort involved in taking over and running the PMCL as volunteers. (See appendix to above document.)

Shareholders had read the list before the meeting and were interested in the details of much of the work, which were duly discussed.

All shareholders have a copy of the full list but some of the salient points are as follows:

- Board of 3 Directors: Marijke Read, Norma Tutty and Steve Watmore, plus 2 Officers, Norman Read and Philip Tutty took over from Lindum 23/02/17.

- Steve Watmore resigned as Director and Facilities Manager after 2 weeks, causing Norman Read to become Facilities Manager in addition to his role as Company Secretary.

Philip Tutty agreed to share the Facilities role in addition to his position as Finance Officer.

Laura Edison kindly volunteered to be Company Secretary, leaving Norman Read and Philip Tutty free to return to their single task officer roles. Unfortunately, she had to resign following a significant increase in workload in her professional life.

Norma Tutty took on the role of Board Secretary, taking and producing meeting minutes.

Thus, the current board has worked throughout this year until the recent appointment of Ian Forrester as Company Secretary. There are presently 3 directors and 2 Officers.

- Removal Shaun Skepper (Lindum) as a Director.
 - Contractors had to be sought and contracts written for services to be provided which had formerly been covered by Lindum's in house teams.
 - There was no maintenance plan nor any maintenance contracts.
 - Shareholder Register was incomplete
 - No Fire Risk Assessment (Philip Tutty wrote one, Fire Brigade have inspected and approved arrangements. Just a couple of door issues).
 - No financial reserves for the future
- Online Banking was set up and an online store called Dropbox selected to be a central store for PMCL documents.

At this point Mrs. Boothman kindly expressed her appreciation and thanked the Board for all the time Members have put into the running of the Company. All Shareholders present echoed her sentiments.

- Boundary wall issues have arisen as Shareholders now own it. The wall is beginning to bow and has some coping stone damage. It will need attention soon, costs are yet unknown. It was agreed to go forward with the Surveyor Report.
- Covenants and their importance were discussed as these have been a source of contention in a few incidents. **All Owners** have signed the relevant documents in the purchase of their properties at The Pavilion and were recently sent a reminder of their obligations. Those present all agreed that owners and tenants who breach covenants, such as no pets or no commercial vehicle parking are spoiling the environment and ambience of an attractive and desirable location for everyone. The Board is duty bound to enforce covenants and action will always be taken to protect the rights of Shareholders from the actions of just a few.
- Solicitors are needed to act for PMCL on sale of properties, typically there is an 8-page legal document to be completed for each sale as part of the seller's conveyancing. The PMCL recovers the costs from the seller.
- Maintenance such as lighting failures, smoke alarm failures, broken door hinges etc. take up most time.
- Electricity cupboard doors in both Hallways A and B are kept locked as a matter of **SAFETY**. They are regularly forced open by delivery company drivers and used to store parcels. **THIS MUST STOP!**
- Electrical contractors were discussed following a question from Pete Townsend, Norman Read describing how we shop around for quality work at best value, not necessarily the cheapest.

Norma Tutty thanked Norman Read on behalf of The Board for all his hard work. The Shareholders concurred.

7. Alternative Approaches to operations of PMCL:

Directors and Officers all agree that the workload has been and remains far too heavy and time consuming for a small group of volunteers to carry.

All Shareholders present agreed.

In the absence of a much larger group of volunteers (previous calls for volunteers have been largely unproductive save for Ian Forrester), the options for outsourcing

much of the work have been explored, along with costings for them. Alternative options come at a price.

The consensus among all Shareholders present was that it is the only way forward as the present voluntary arrangements are unworkable long term.

Shareholders accepted there would be a cost implication for Management Charges.

Darren Wheeler expressed a desire to lift the load from volunteers and that he would be happy to pay his share to facilitate that. All were in agreement.

Norman Read informed those present of possible alternative solutions to relieve the burden, those being:

A.) Outsourcing as much as possible - A company called Jigsaw can do this

B.) Total block management - only 1 local company- not totally organised

Norman Read outlined the offerings from both firms and explained that the Board had considered them both in detail. Offerings and costings had been explored and the decision was that, initially, a contract would be drawn up and offered to Jigsaw. This has been written and will hopefully be signed and in place shortly. It should be noted that at this point Jigsaw's services are limited to maintenance services. In future it may be necessary to find 3rd parties to undertake accounting and company administration services.

The conclusion was that Jigsaw would be best to manage all maintenance issues, offering both a 24hr stand by service and a website for email contact and information. Working details and practicalities were discussed and shareholders were happy with the decision. A leaflet will be produced and delivered informing everyone of the changes to facilities management and how to go about reporting issues.

Darren Wheeler advised that there be no open cheque book and Ian Forrester confirmed it would all be fixed costs and approved spending limits as a safeguard.

Ian Forrester also advised that when it is up and running, the PMCL single page website will contain all Jigsaw's contact information and procedural advice to Shareholders and tenants.

Mrs. Boothman asked if the costs of Jigsaw to houses as opposed to flats would be proportionate and was assured that they would by Ian.

Philip Tutty reiterated that the baseline for any agreement regarding the Pavilion and its management must accept the ethos of The Board and its shareholders, preserving standards in that:

*The Pavilion is a residential building and its grounds

*It must be well maintained at all times

*It is a private amenity, home to a community and is not just a commercial entity.

8.) Renewal Costs for 2018:

Philip Tutty handed out a document entitled **Financial Overview and Service Fee for 2018**.

This was explained thoroughly to those present in terms of income/expenditure for 2017-2018.

A separate table entitled **Apportionment of Costs** showed how each spending area is divided between the 7 houses and 17 flats on a percentage basis.

This ensures that house owners do not pay anything towards services which do not apply to them (e.g. Cleaning of the flats' building public areas) but do contribute to facilities such as the car park and its lighting which they use.

This answered the questions raised in earlier discussions by several people.

Contingency monies and the need to build up the reserves were discussed. It was accepted that money will be needed in future for ongoing repairs as the buildings age and in case of a major incident which might need a mid-year cash call to fix it.

Shareholders preferred the option to pay fees sufficient to help build up funds rather than have them artificially low, only to face a cash call later on.

Any savings made at the end of the year will go into the Reserve Fund.

Attention was drawn to the costs for **Fire Alarm Testing** as the Management Fee figure declared at the meeting assumes this will still be carried out by volunteers. **If a contractor must be appointed, the costs of approximately £1500 would have to be added pro rata to the fees.**

Mrs. booth raised the issue of damage to the wall.

The Board is contemplating solutions to the damage caused to the wall by the erection of For Sale signs.

MANAGEMENT FEES for 2018 will be:

FLATS:

	Paid in full by 10th Feb 2018	If paid by 2 instalments
With alarm volunteers	£826.00	£909.00
Without alarm volunteers	£918.00	£1010.00

As usual a letter to confirm the Charges will be issued soon after the AGM.

PLEASE NOTE:

Flat service charge will rise to £918 (discounted) if there are no volunteers for Weekly Fire Testing.

HOUSES:

(if paid in full by 20th February 2018) **£307 otherwise, £337**

Richard Symes expressed what an amazing and thorough job The Board had done and all shareholders showed their appreciation.

9.) Changes to Rules and Regulations:

Ian Forrester announced that Owners or their tenants must inform The Board if a flat is to be left empty for **more than 30 days** as this may affect our Buildings Insurance. Landlords are responsible for informing their tenants that this should be done. In the event of non-compliance individual owners may become personally liable in the event of a claim arising involving their property and insurance having been revoked. It is a condition of the lease/freehold that owners will not do anything that may affect the PMCL insurances.

Ian Forrester is designing a website for Pavilion residents that will contain information on how to notify us of such an instance plus access other useful information. Shareholders will be advised once this is available.

10.) AOB

10.1 Goodwill information: Philip Tutty mentioned that it is the flat owners' responsibility to ensure smoke detectors in their property are working and that they (and their tenants) must follow good fire safety in the home practices.

10.2 Pete Townsend raised the issue of sub-letting and was assured that the Board has had no reports or evidence of this at the Pavilion.

There being no further points raised, Norma Tutty closed the meeting at 13:00.

Norma Tutty, Director

30/11/17