

MOTION

TAKE NOTICE THAT we, the signatories, herewith institute a motion of no confidence in the current Board of Trustees/Directors (hereinafter referred to as the "Board") of the HOA on the following grounds:

- a) The Board does not pursue the best interests of the Members of the HOA (hereinafter referred to as the "Members");
- b) The Board fails and omits to comply with its fiduciary duties and obligations towards the Members;
- c) The Board does not apply its mind insofar as the procurement of legal advice or legal representation is concerned;
- d) The Board conducts itself in a manner which places the security of the township and the Members at risk;
- e) The Board allows litigation to be instituted against Members and/or their representatives where no merit of succeeding exists with such litigation;
- f) The Board makes itself guilty of negligent alternatively improper, alternatively unreasonable conduct for the reasons alluded to *infra*;
- g) The Board ignores budgetary determinations when entering into expenditure;

TAKE NOTICE FURTHER that the requisitionists intend to rely on the following facts and submissions in support of the aforementioned motion of no confidence:

- 1. The CGM/AGM scheduled for 16 November 2015 was unlawfully postponed, incurring a significant financial loss to the HOA;
- 2. Most of the proxies submitted for the aforementioned CGM/AGM were disregarded despite the fact that they were validly and lawfully obtained and submitted;
- 3. Disinformation and distortions of fact were contained in several documents;
- 4. Rule 11 introduced in May 2016 is irreconcilable with the law, is unconstitutional, flies in the face of good corporate governance, and deprives some Members of their right to be represented by way of a proxy;
- 5. The budget for improving the clubhouse which was approved at the AGM of 2014 was exceeded by approximately R7 million without communicating with Members;
- 6. Severely flawed drafts of the MOI and Rules were on the agendas of the CGM/AGM's of 16 November 2015 and 22 February 2016;
- 7. After 6 years, we still do not have a proper MOI or Rules;
- 8. Due to bad management, millions of rand were lost due to fraud by an employee;
- 9. Requests for access to pertinent information have either been refused or circumvented;
- 10. Access control to the township has been placed in jeopardy due to actions by the Board; and
- 11. Correspondence which dealt with pertinent matters were either circumvented or passed over.

PROPOSED BY: Cole Weerdt 556

SECONDED BY: Brink 495

DATE: 19 January 2017

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RESPONSE OF THE BOARD OF DIRECTORS TO THE MOTION OF NO CONFIDENCE SUBMITTED BY MR CHRIS DE WEERDT (STAND 556) AND S BRINK (STAND 495) OF GLENEAGLES DRIVE

The Board reserves the right to augment its response at an appropriate time.

Response to the grounds listed:

- a. The Board denies that it does not serve the best interests of the members of the HOA. The Board consists of volunteer members elected at each AGM and an appointed ex-officio director. Elected directors serve only at the pleasure of Members and the current directors have all been in office for 3-4 consecutive years and their track records speak more than empty words. Had the Board indeed not serve the best interests of Members over these years, they no doubt would have been removed from office long ago. Rather to the contrary, current directors have repeatedly been re-elected on their individual record of service to the members, re-affirming members' trust in the proper custodianship of the affairs of the estate by the current Board.
- b. The Board denies that it fails to comply with its fiduciary duties and obligations. No formal complaints in such regard have been received by the Estate's independent Corporate Governance Committee and no compulsory compliance rulings have ever been made by the Companies and Intellectual Property Commission (CIPC) or any other companies tribunal against the current Board.
- c. The Board denies that it does not apply its mind in the procurement of legal advice or legal representation. The Board retains the services of a panel of highly respected legal professionals to this end.
- d. The Board denies that it conducts itself in a manner which places the security of the township and members at risk for the reasons as set in (10) below.
- e. The Board denies instituting litigation where no merit exists and would consider such actions to be foolish. The Board relies on the expert guidance of its panel of legal advisors in disputes and maintains a position of arbitration before litigation.
- f. The Board denies any negligent, improper or unreasonable conduct, especially with regards to these vague and wholly unsubstantiated allegations.
- g. The Board denies that it ignores budgetary determinations as is evidenced by 4 years of not ever exceeding approved budgets and delivering surpluses as corroborated by unqualified audited financial statements every year. Not ever has any set of financial statements presented by this Board been rejected by Members.

Response to the alleged "facts and submissions":

1. The November 2015 CGM/AGM were not unlawfully postponed. It is the duty of a chairperson to postpone a meeting that deteriorates into disorder and unruly behaviour, which preclude the responsible handling of official meeting business. No formal dispute had been lodged against the decision to postpone, neither has the decision been taken on review in any forum.
2. Proxies submitted for the November 2015 meeting were not disregarded as the meeting was postponed on request of the Independent Electoral Committee ("IEC") to investigate the numerous complaints from members of widespread proxy irregularities. The IEC subsequently ruled that new proxies had to be submitted for the February 2016 meeting and all valid proxies were indeed accepted by the IEC. In compliance with the MOI, the Board does not adjudicate the validity or otherwise of proxies, neither is it allowed to interfere in the independence of the IEC.
3. The wholly unsubstantiated allegations of disinformation and distortions of fact are rejected.
4. During May 2016, the Board implemented an interim Rule 11, dealing with general meetings of members to avoid a repeat of the unacceptable situation of 2015 that compelled the postponement of the meetings. This Rule contains a total of 12 provisions. Due to disagreement between the respective legal advisors, a member applied to court to review the authority of the Board to implement any interim Rules in terms of the MOI, as well as the validity of the concept of proxy limitation. The court ruled that only section 11.2 of the Rule

dealing with proxy limitation be repealed. The remainder sections, being 11.1, 11.3, 11.4.1, 11.4.2, 11.4.3, 11.4.5, 11.4.6, 11.5 and 11.6 remain valid and binding and the Board's authority to implement interim Rules was thus confirmed. The Board welcomes the legal clarity obtained on these important matters which would discourage future legal challenges. The allegations of unconstitutionality, poor corporate governance and deprivation of members' rights are therefore simply untrue.

5. The clubhouse improvements budget was definitely not exceeded by R7m as alleged as other capital items (such as the golf irrigation project) were reprioritised to fund this project within the approved overall capital budget. Since the clubhouse was incurring unacceptable losses due to its dilapidated state, the Board deemed it prudent to postpone non-urgent expenditure on golf course irrigation, in favour of completion of the clubhouse project to stem the losses. This had been amply explained to members at the previous AGM and no objections were raised against the sound rationale behind the decision. The decision has been vindicated with the clubhouse now producing healthy profits to subsidize other necessary estate expenses.
6. The drafts of the MOI and Rules have been compiled by an expert corporate legal advisor (Mr Koos Smit) during the tenure of the previous Board. Since then it has laid open for member input for nearly 5 years during which all member input has been accommodated. In spite of proposing that these documents be withdrawn from the agenda at the previous CGM, Mr de Weerdts has not attended any of the working sessions afforded members over the last few years to render input. The Board hence has no idea of the motive or grounds on which he opposes these documents. The Board is of the considered opinion that these documents are not flawed as alleged, but that their approval is being held ransom by 1 or 2 individuals with mass proxies.
7. The wholly unsubstantiated allegation that the MOI is not proper is rejected.
8. The statement that millions of rand were lost due to fraud by an employee and bad management is wholeheartedly agreed with by the Board. Mr De Weerdts neglects to point out that this occurred under previous Boards many years ago. None of those members are still directors, none of those managers are still in our employment and the thieving employee is serving a 12-year jail sentence. All thanks to the swift and decisive actions of the current Board in safeguarding the funds of members. Not a penny has since been unaccounted for under the current Board and constant watchful eye of the subsequent established Audit & Risk Committee.
9. This Board has never refused or circumvented any request for access to pertinent information. Mr De Weerdts would no doubt have obtained a prompt ruling from the CIPC against the HOA if indeed there was any truth to this allegation.
10. The Board has never placed access control in jeopardy. This allegation relates to a specific member who owes the Association hundreds of thousands of rand in unpaid court awarded debt and persisted in obstructing the entrance gates with his trucks. His actions appear in countering unavoidable interdict and sequestration applications brought by the Association to protect members' significant interests. The Board sincerely regrets this situation, but it is unreasonable to expect the Board to accept such behaviour from any member, or to simply write off huge amounts of unpaid debt the courts have already ruled in its favour, which will result in the certain ruin of the estate. This member is continuing to this day with refusing to pay his levies. The Board finds it hard to understand the motives behind the persistent attacks by his lone sympathizers.
11. Correspondence with members is a priority for the Board. However, never-ending streams of abusive and slanderous e-mails directed to all and sundry in the employment of the Association, literally running into thousands of e-mails spanning the last decade, from a single member cannot be entertained by any Board.

The Board of Directors therefore respectfully rejects these unfounded allegations.

Members are urged not to let unfounded and malicious allegations go unchallenged and are encouraged to attend the general meetings to obtain the facts and decide for themselves, and not be dictated to by individuals who wage proxy warfares with dubious intentions.

CHAIRPERSON
For and on behalf of the Board of Directors