

Knights Grove (North Baddesley) Management Company Limited

Minutes of the Extraordinary General Meeting

Held on Monday 22nd September 2014 at 7.00pm

At All Saints Church Hall, Rownhams Road, North Baddesley

Members Present

Mr I Harding
Mrs D Fagan
R Brown
Mrs G James
Mr M Dagworth
Mr S McCulloch
Miss Owens
Dr & Mrs Warner
Claire Huges
Mr & Mrs Richardson
Mr & Mrs Otton
Mrs E Barber
Mr P Tse
Mr P Collings
Mrs E Barber
Kathryn & Reg Kent
L Axford
P Axford
L Wallwork-Green
S Pardy
P Williams
R Lines
Mrs K Harris

Directors

Rob Harris
Chris Marshall

Gill Jeffery

Chairman
Leasehold Director responsible
for the flats
Accounts Director

Also Present

Andy Long Underwood Barron

Apologies

Colin Edom
Mr & Mrs Need
Mrs E Daw
Dr E McDonald
Mr & Mrs Maxwell

1. Handouts

Members were supplied with a copy of the attached Special Resolution and a copy of the attached layout drawing showing the areas the management company are responsible for.

2. Introduction

Rob Harris chaired the meeting and introduced himself by saying he was appointed as a Director of the management company at the EGM on 6th May.

He purchased a house on the estate in 2012 and lives in Borden Way with his wife and daughter. He is a recently retired housing consultant having run his own business since 2001.

Chris Marshall and Gill Jeffery also volunteered to become Directors at the EGM in May and were formally appointed as Directors at a Directors meeting later the same month.

Chris Marshall introduced himself as a flat owner in Chilcott Court. He volunteered to become a Director because he was fed up with RMG and without a Leaseholder as a Director it was impossible to get rid of RMG as Directors. Chris is the Director responsible for the flats.

Gill Jeffrey also introduced herself. She moved in to the estate with her now husband in 2008. She has a financial background but is now a fulltime mother with two young children. Gill is the Director responsible for the management company accounts. Gill has experienced great difficulty getting meaningful financial information out of RMG.

3. What we took over

Rob explained that in the company's Articles of Association it states that six months after all the dwellings are complete the first Directors, in other words RMG who were appointed by Taylor Wimpey as Directors when the company was set up, shall cease to be Directors and resident Directors shall be appointed.

That did not happen for 7 years and the reason given by RMG for not appointing Resident Directors was:

1. The headlease for the flats has not been transferred to the management company.
2. Taylor Wimpey had not provided a plan showing the areas the management company is responsible for.

So what did we take over?

At our first Directors meeting RMG bombarded us all with heaps of paper.

We were given a copy of the company Memorandum of Association and Articles of Association which had just been revised by RMG at the previous AGM.

However the name on the revised Articles was
Knights Grove (Chandlers Ford) Management Company Limited instead of
Knights Grove (North Baddesley) Management Company Limited

We were given an alarming list of debtors that showed we were owed over £28,000!

We were told we had a reserve fund of £27,290 at the end of 2013

The estate consists of 227 properties of which 69 are social housing owned and managed by Radian. Radian are not a member of the management company but do contribute towards the estate charge.

That leaves 158 private properties that are all members of the management company of which 29 are flats that are leasehold and 129 freehold houses.

The Directors went on a tour of the estate with Phil from RMG but he was not exactly sure what areas we managed as he was new to RMG and of course there was no plan.

So the directors were not sure what they were responsible for but they knew the company was owed a lot of money.

The Directors initially thought that the company was under no obligation to collect the ground rent for the flats on behalf of Taylor Wimpey however after instructing RMG to withhold payments to Taylor Wimpey they suddenly produced an Agreement for Head Lease contract that says we do indeed have to act as rent collectors for Taylor Wimpey. This is not something that the Directors knew they had signed up to do!

The Directors also discovered that RMG, who were previously known as CPM employ an associated company at the same address called Hertford Company Secretaries Limited as Company Secretary for another fee that we pay.

In fact Rob analysed RMG's budget for this year; 20% Ground Maintenance 7% Insurance

25% Maintenance & Repairs

11% Reserve

And a whopping 37% for professional fees! That's over £26,000

A lot of residents think the management company charges pay for maintaining the public open spaces such as the triangle called Authie Green, the other triangular area in Borden Way near Chilcott Court marked 'no ball games' or the childrens play equipment area called Carpiquet Park further down Borden Way.

However these areas have been adopted by the local authority and we pay for the maintenance of these in our Council Tax.

Even the woodland area at the end of Harris Way or the woodland in the cut through to Firgrove Close and the area of grass in front of 5 to 15 Borden Way are maintained by Test Valley.

So what does the management company maintain?

And why do we pay so much when most of the open spaces are maintained by the local authority?

Well after many emails and phone calls Rob at last obtained from Taylor Wimpey the attached plan. It is the plan that RMG say they have been unable to obtain for the last 7 years.

We look after all the bits and pieces that nobody wants, including the balancing pond in Thomas Road and the stormwater ditch around Authie Green. The balancing pond is on the bend in Thomas Road at the back of the care home. A balancing pond is a pond that is designed to hold back water and alleviate the water flow in the drainage system at times of high rainwater.

4. Special Resolution to correct the Articles of Association to read 'Knights Grove (North Baddesley) Management Company Limited'

This was unanimously agreed

5. Special Resolution to appoint Underwood Barron as accountants and auditors and change the company address to their address.

The existing auditors are a company in Hertford appointed by RMG called Thomas David

The Directors asked three accountancy firms to tender for this role and Underwood Barron were not only the most cost effective but they gave by far the best presentation document and answered all the right questions at interview.

The Special Resolution was unanimously agreed

6. Underwood Barron

Andy Long introduced himself. He explained that Underwood Barron carry out this service for several management companies and he is personally a Non Executive Director of First Wessex Housing Association.

7. Reserves

Gill Jeffrey explained that there is a healthy estate reserve of £28,000 but the reserve for the flats was only £2,500!

The Directors have asked RMG several times to explain why we have such a large reserve for the estate and such a small reserve for the flats but so far we have had no explanation.

The Directors believe that RMG have only allocated funds for the flats into a separate pot in the last couple of years and that part of the large estate reserve funds should in fact be allocated to the flats.

Gill hopes to get a response to this question from RMG but if not the Directors will need to reallocate the funds as fairly as possible.

8. Debtors

When we took over as Directors the debtors total was a staggering £28,000 however we did find out that this includes members who are paying by monthly instalments.

It appears that RMG have not been chasing debtors for the last two years since they sent us all an unexplained additional charge and then put everything on hold.

Gill said that on the latest figures from RMG we were owed approximately

£14,000 The Directors have instructed RMG to vigorously pursue all debts.

Rob pointed out that in your legal transfer document when you purchased your house (the TP1), it requires in the Fifth Schedule that interest is to be paid on any management charge not paid after it becomes due at the rate of 4% above base rate. For leaseholders in the flats it is 4% above base rate or 12% whichever is the higher!

The management company will be charging interest in future.

9. External Landscaping

The Directors only received the plan showing what we are responsible for last week however they have already found mistakes.

The layout is incorrect at the bottom of Borden Way and the area at the side of 47 Rownhams Road (where the sun flowers are growing) was queried. Therefore Taylor Wimpey will be asked to check and revise the plan.

The Local Authority mow the larger areas they have adopted and RMG's contractor Willow services look after the other areas.

It would make sense and be more cost effective to have all the grass cut on the same day and not have one bit short while another strip is long.

The Directors have already had a meeting with Test Valley Borough Council and now a drawing is available they are going to quote for maintaining our soft landscaping areas.

In the meantime Willow Services will continue with the works.

10. Flats and communal areas

Chris Marshall asked how many people were flatowners and several people raised their hands.

There are three blocks of flats that the management company are responsible for, Chilcott Court, the Harris Way block and one of the blocks in Borden Way plus the flats over the garages. The other blocks of flats are looked after by the Housing Association.

The service charge covers the cleaning and maintenance of the communal areas plus safety inspections, electricity charges and insurance.

The Directors would like to replace the carpets in the Borden Way block but there is insufficient money in the reserve fund for the flats. Therefore the Directors need to sort out the question of allocation of reserves to see if we have funds to re-carpet the communal areas.

The window cleaner at present only cleans the windows in the stairwells however Chris is going to arrange for all the windows in the block to be cleaned on the outside as part of the management company charge.

This is the first step to providing a better service

11. Charges when you sell your property

When you come to sell your property RMG will charge you £362.83 + VAT for a sellers pack to be sent to the purchaser's solicitor and to answer the purchaser's solicitor's enquiries.

The Directors consider this is excessive and have asked local legal firms to tender for this work.

From 1st November onwards Blake Morgan (previously Blake Laphorn) will be acting as the management company's lawyer.

The charge when you sell your home will be £135 for a freehold pack and £175 for a leasehold pack with the cost borne by the purchaser. In addition to this the buyer will need to pay a fee of £75 to serve notice on the management company.

12. Dismissal of RMG

It would be an understatement to say the Directors have not been impressed with RMG

They therefore intend to serve one month's notice on RMG at the end of this month. The Directors will take on the estate management role.

Underwood Barron will be our accountants and auditors.

Blake Morgan will be our legal department.

This will put a lot of responsibility on the Directors but should drastically reduce the cost of professional fees and be a saving to us all.

13. Purchase of freehold for flats

We don't have a head lease yet but in the Agreement for Head Lease the purchase price of the freehold is 10.5 times the rent.

The ground rent for a flat is £125 x 10.5 = £1,312.50 per flat

The management company can purchase the freehold if a majority of lease owners have voted to exercise the option.

14. Website / Facebook / email addresses

We have purchased the domain name Knights Grove.co.uk

We have the following email addresses

Admin@knightsgrove.co.uk

And your directors have

Rob@knightsgrove.co.uk

Chris@knightsgrove.co.uk

Gill@knightsgrove.co.uk

Underwood Barron have

Accounts@knightsgrove.co.uk

We are in the process of setting up a web site
www.knightsgrove.co.uk

We also have a facebook site
Knights Grove Management Company

This year RMG have £1,450 in the budget for postage.
In the future the Directors intend to save this expense by getting up to date and using email for all correspondence and accounts etc.
Therefore you will shortly be asked to supply your email addresses.
There will be a facility on the web site for you to supply your email address.

15. Representative from each block

The directors do not intend checking every week to ensure the carpets and windows in the communal stairwells are cleaned. Therefore a representative from each block was requested to inform the Directors if the cleaning has not been done or if there is a problem. Otherwise the bills for the cleaning and window cleaning will be paid.

The following members volunteered to be

Representatives Juliette Owens – Harris Way Flats

Mr & Mrs Richardson – Chilcott

Court Pat Axford – Borden Way Flats

16. Additional directors or volunteers

The Directors also asked for help particularly from anyone with secretarial or admin skills or anyone who could help set up and maintain the web site.

It was explained that you don't have to formally be a Director if you don't want to be but of course you can be if you wish.

The following members volunteered

Paul Williams – 2 Authie Green

Paul Collings – Help with the web site design and set up

17. Any Other Business

The following items were raised:

Debts

It was believed that at recent meetings RMG had said the debts were cleared. *Upon checking the minutes of the 2014 AGM – Joe confirmed that financially Knights Grove (North Baddesley) MCL was in a good position.*

He also confirmed that the majority of the deficit charge relating to 2005-2010 had been paid leaving a small portion outstanding.

What is the cost of dismissing RMG?

There is no contract between the Management Company and RMG and therefore there should be no cost.

Why don't we hold a vote and get rid of RMG now

It would not be wise to dismiss RMG until everything is in place so that services carry on as soon as they are gone. A month is considered reasonable by the Directors although Gill and Andy would prefer longer.

Will RMG hand over our money?

Although RMG have not been efficient and there is a general feeling they rip us off, it is expected that the full management company funds will be transferred at the end of the notice period.

Who do we contact with problems or queries when RMG are gone?

Email admin@knightsgrove.co.uk and one of the Directors will deal with it. Or contact your block representative or Chris if there is a problem in the flats.

Concern was expressed regarding the maintenance of the storm water ditch at the side of Authie Green.

It was understood from Taylor Wimpey when the development was under construction that the area could flood if this was not properly maintained.

RMG have in the last couple of years employed Willow Services to maintain and clear the drainage ditches. Somebody will continue to be employed to do this. It was pointed out that the storm water ditch worked well during the exceptionally heavy rains last winter.

Additional charge for monthly payments

RMG make an additional charge for paying in monthly instalments.

In future there will be no additional charge for monthly instalments and a discount will be given if you pay in one annual payment by the end of January.

Several members have moved into their property since 2010 and consider it unreasonable to pay the additional charge for the period 2005 – 2010 when they did not live in the property then.

The Directors are aware of this problem and there is no easy solution because RMG have not been even able to provide a list of who has and who has not paid this charge. Everybody agreed it should not have been charged in the first place.

Could we put in a request under the freedom of information act?

It was considered a waste of time because RMG can simply say they don't have the information.

Why should the Management Company insure the leasehold detached garages?

The Directors were not aware of this but will look into it when the insurance is renewed.

Can legal action be taken against RMG for the expense they have caused the members of the management company over the years?

It was considered that this would be extremely expensive and we may not win and therefore the only people to gain out of this would be the lawyers.

Who is responsible for replacing the damaged fencing in the cut through to Firgrove Close?

This area has been adopted and therefore it is the responsibility of Test Valley Borough Council. Rob has spoken to them about this and they are considering a different type of fence as the local residents are concerned about youths not being seen behind the existing fence.

In future can payments be made electronically?

Yes in fact Underwood Barron would prefer this.

Part of the road in Borden Way near Chilcott Court floods when it rains heavily.

The roads and sewers have been adopted by the local authority and are not the management company's responsibility.

Account queries with RMG

Several members said they had tried to query accounts with RMG in the past without success. You just don't get a worthwhile response to phone calls or emails. One member felt extremely bitter because RMG had even charged debt collection costs while he was disputing their charges. He ended up paying the debt collection costs even though the dispute was settled in his favour.

The Directors can't put right the mistakes of RMG in the past and members are advised to try to sort out any outstanding queries while RMG are still employed as managing agents.