



STRATA COMMITTEE MINUTES

1830 Wednesday December 13, 2017. Altair SC Meeting Room.

Attendance: Ralf Harding (Chair), Eric Moses (Secretary), Marilyn Di Bella, David Mackinnon, David Saul, Kevin Wellington.
Mario Caruana (Building Manager).

Guests:

Apologies: Michael Cluff (proxy to Ralf), Chris Gardener (proxy to Ralf), Gary Zamel (proxy to Eric)

Minutes of Last Meeting: Accepted.

Matters Arising: See following.

Correspondence:

An owner, Sue Williams, has sent an e-mail noting that she didn't vote in the recent owner's poll regarding air conditioning/power supply, in part because she was not given the option of the Strata Plan borrowing the 'Special Levy' funds. The Building Manager has responded.

The issue of borrowing funds has previously been raised and discussed by the owners at the time of the 'Defects Crisis' (2009) and there was then extremely strong owner resistance to any form of borrowing. We have consulted our Strata Manager who advises that he would not recommend Strata Plan loans as appropriate to Altair in this situation.

NB. The SC has no intention of borrowing any funds and certainly would not do so without a decision by the Owners at a General Meeting.

Finance Report:

The Financial Summary for November shows that we remain within budget. The monthly Financial Summary will be posted on the Altair website.

Building Manager's Report:

The monthly Building Managers report will be posted on the Altair website. Key issues include:

Containers for Cash

Our Building Manager has been in liaison with both the Council and NSW government for some time regarding the possibility of having a container return station within Altair. The programme became active from 1 December. A container return station could be installed in Altair with an annual rental of approx. \$500. The unit is the size of a shipping container (roughly the size of a car space).

The SC agreed to wait and see what the general acceptance of the scheme is (it does not accept milk or wine containers) before contemplating any action.

Updates

Electricity Contract

The reverse auction has been completed. Altair participated in a buying group of some 70+ large strata plans co-ordinated by Strata Choice. While there are various levels for peak, shoulder and off-peak, and for different hours of the day, the peak rate will increase in 2018 by 54%. We are advised that other buildings associated with Strata Choice who have negotiated independent contracts are paying peak rates approx. 15% higher than this. The contract is extremely complex and it is not possible to apply a universal cost increase, however, this will result in a very serious increase in costs. We have very roughly calculated that our overall 2018 electricity costs will be 30% greater based on 2017 usage.

To assist in reducing our ongoing electricity usage we will be converting all common area lighting to LED (that have not already been converted) in early 2018. This item is in our 2018 Capital Works budget (see following) at \$60k. SC agreed to expedite this programme as soon as is practical. We are hopeful this initiative will in some part ameliorate against this surprising increase in electricity pricing.

Power Supply and Airconditioning – Plan B

Following the last (November) SC meeting we have

- a) Sent a newsletter to all owners regarding the three viable options relating to this issue, inviting them to an Information Meeting and including details of how they could vote in an on-line poll.
- b) Held an Information Meeting to allow owners to be as well informed as possible.
- c) Sent an abridged copy of the presentation from that meeting to all owners we have e-mail addresses for, including click-through links for the on-line poll.
- d) Sent a reminder e-mail containing the link to the on-line poll to all owners on our e-mail list.
- e) Promoted the poll via the building lift signs.

70% of owners voted. The results are:

Option One – Maintain the existing power supply	42.2%
Option Two – Dedicated Altair Sub-station	17.3%
Option Three – Limited A/C	40.5%

SC agreed to abandon any further research into Option Two – Dedicated Altair Sub-station.

While no individual option gained a clear majority the combined total for the two versions which could allow some level of A/C is over 50%. The SC agreed that the poll indicated a preference to proceed with developing plans and costings for Option Three - Limited A/C.

This will take significant time and money to achieve. We will need some 'seed' money to do further research and we have included \$25k in the budget for 2018 to address this work.

As discussed at the 2017 AGM any decision to install A/C will require a Special Resolution with 75% approval. The SC agreed that before we embark on any further work, a motion should be put to the owners at the 2018 AGM asking if they wish to proceed noting that

- a) The poll was not conclusive.
- b) Any decision to install A/C will require a Special Resolution (75%)
- c) It is likely that a minimum of \$25k (maybe more) and many hours of work will be expended getting to the point where the SC could present specific motions to the owners at a General Meeting.

The issue of solar has been often mentioned. As noted in the presentation to the Information Meeting:

- a) We have been strongly advised not to install solar on our roof as it will probably damage our (recently repaired) roof membrane which could be very difficult to maintain as water-proof.
- b) Solar is not part of our existing plans but we keep a watching brief on developments in solar, as we have for the last eight years or so. As electricity costs rise and technology improves there may come a point where solar offers some solutions.
- c) Government subsidies for solar are erratic and generally diminishing; we believe, in general, that solar maths have to stand on their own without subsidy.
- d) Owners should note that the debate between solar and sub-station power is about cost-efficiency (cost per KWh). The Power Supply (and A/C) issue is about Altair accessing enough power (Amps). These issues have some common features but are essentially separate.

2018 Capital Works Plan/2018 Budget

Following further research by the Building Manager we are reasonably confident that the boilers can operate for another 12 months or so and we have moved the proposed work for the boilers (\$30k) to 2019 in the Capital Works Plan. This has created availability for some funding for research into the power supply of \$25k (see Power Supply – Plan B above).

Otherwise the Capital Works Plan for 2018 agreed at the November SC meeting has been incorporated in the 20-year Financial Plan. Also included in the 20-year Financial Plan is the Administration Budget, drawn up by Francis Management for 2018, which shows growth of 4.5% over predicted actual expenditure for 2017 – partly due to the huge increase in electricity pricing.

The Australian national and NSW CPI's are around 2% but we have measured Altair inflation of up to 7% for the last few years in spite of a constant programme of cost control, competitive quoting and expenditure review.

The Administration Fund covers 'day-to-day' running costs that are either difficult to reduce or where removal may affect resident amenity. Where we can, we have fixed annual increases to the NSW CPI – concierges, building management, strata management, cleaners etc. A number of external costs such as electricity, gas and

insurance are largely out of our control and are in some instances supplied by effectively duopolies.

From 2014 to the projected 2018 budget our administration costs have risen annually by:

2015	6.6%
2016	5.6%
2017	1.3%
2018	4.5%

This is compound growth of 4.5% per year. The Administration Fund represents about 75% of total levies so increases to administration costs have by far the greatest impact.

Our Financial Plan is very tight for 2018 – effectively break-even - and will require a 3% increase in levies in 2018.

Owners need to understand, however, that if administration costs continue to rise by recent rates - over 3% - then it will not be possible to keep overall levy increases in the broad 3% area as has been the case for the last few years.

The SC agreed to submit the financial plans and budgets to the Owners for approval at the 2018 AGM. The 2018 20-year Capital Works Plan, 2018 Administration budget and 2018 20-year Financial Plan will be posted to the Altair website.

2018 AGM

The 2018 AGM has been scheduled for Monday 26 February. Our Strata Manager advises that any owner wishing to submit a motion for consideration at the AGM must have that motion to either the Secretary or the Strata Manager by **4pm on Monday January 29**. The SC agreed that we will not accept motions after this deadline.

Outstanding Levies

An owner, Conrad Axton of lot 97, has a history of late or non-payment of levies. We had achieved payment of previous overdue levies but the owner is now again significantly in arrears – 4 months. The SC agreed, on the advice of our Strata Manager, that collection of the outstanding levies be referred to Grace Lawyers.

Podium Furniture

David Mackinnon had previously submitted a proposal for furniture to be placed on the podium to enhance resident amenity. The SC agreed that the Garden Committee of David Mackinnon, Michael Cluff and Marilyn Di Bella should develop a further proposal bearing in mind concerns expressed at the meeting regarding wind, design compatibility, noise and cost. It was agreed that any proposal would ultimately require approval of the Owners at a General Meeting.

Meeting concluded at 1945.

Next EC Meeting Wednesday January 24 2018.