Minutes - RALA AGM 27 Nov 2007

The 2007 Annual General Meeting of RALA was held at the Vestry, St Lukes Church, Sydney Street on 27th November.

The meeting was attended by some 70 people representing 60 flats. Of those attending, on a show of hands, only two were not participants in the freehold purchase.

The meeting was opened by the Chairman, Simon Davie.

Opening Statement

Welcome to this AGM of RALA. There are three main issues that we need to address this evening.

1. The schedule of works past and future.

2. RALA formal business

3. The intended purchase of the Freehold, which many of you here tonight will have participated in.

As you will see from the Agenda, Nicholas Hurst, the Maintenance Trustee, will address the 2008 budget and schedule of works . We will then deal with RALA issues, as I know some of you will be anxious to get away.

Following that, those of you who are not participating in the Freehold purchase may wish to leave. For those that stay, and anyone may do so, Tony Howe will bring you up to date with the current freehold position.

Can I first take the schedule of works. You have over the last three years paid £ 15000 towards the cost of the Major Works
programme. There was firstly the Call of £ 10000 in 2005 and then the further Call of £ 5000 in 2006. We have mercifully now broken the back of the major works with the near completion of the common parts and rewiring of the building. It has been a long haul but has been achieved with a lot less disruption than I had expected. And for this I would like to express our particular thanks to Nicholas Hurst the MT and to Bill Nancarrow, the Consultant Surveyor.

There will however be further calls to the reserve fund of £ 2000 a year for the foreseeable future. This has been assessed as reasonable by the LVT assessment panel, and will be used to pay for the exterior work starting next year and to build up sensible reserves for the future.

Nell Gwynn is classed in your lease as a luxury apartment block, to be maintained as such. In my view the building inside looks better now than it has done at any time during the 30 years that I have been involved. The fire doors , which on RALA ‘s insistence replicated the original doors , are of a very high standard, the carpet I personally like although it may not be to everybody’s taste., I think it is uplifting and above all refreshing. The lighting is good. The shortly to be completed lifts will be a great improvement. However there is still work to be done, which Nicholas will explain.

Testimony to these improvements is the current price of flats which has doubled in five years to stand at around £ 400,000 for a good studio. These figures I hope justify, and dwarf, the money we have spent, and will have to spend, over the next few years to maintain the building to the standard the lease aspires to.

Confidence in the building is high with few sellers and a long list of interested buyers. As Jamie Mackenzie at Malverns says, this is confirmed by the increased number of Estate Agents seeking to participate in NG.

In general then I think 2007 has been a positive and constructive year and we look forward to 2008 with confidence.

I would like now to ask Nicholas Hurst to summarise the achievements of the last two years and to outline his proposals for next year, 2008 .

After that we will take questions

The Maintenance Trustee

Nicholas Hurst for Moretons , the MT , with Bill Nancarrow of DTZ, the Consultant Surveyor, and the General Manager, Peter Richards, in attendance, addressed the meeting summarising the work done to date in the common parts and outlining the work to be done in 2008. This included the redecoration of the outside of the building, which may include cleaning of the brickwork, the replacement of windows both in the common parts and, where requested, to private flats . Full details of the cost of window replacement would be sent out in due course.

NH outlined the problems that had been incurred over the planned proposals for the basement by the Freeholder.

NH explained that the basement had been sold off on a long lease to Haruna, believed to be a foreign investment company, as too had the Letting office , which had then been sublet.

NH then took questions from the floor.

RALA business

Following the departure of the MT and his team the Chairman addressed the meeting as follows:

“ Can we now move onto RALA business.

I have apologies from Committee members Terry Condon, who sadly has both his wife and two daughters in hospital, and Valerie Le Moynan , Tonianne Dwyer and Janine Rensch who have business commitments.

2006 Minutes

Could I ask for your approval of last year’s Minutes

Proposed	Flat 709	Mrs Houlihan
Seconded	Flat 137	Ms Faulkner

By a show of hands of members present the meeting approved the Minutes.

Chairman’s Address

It has been an eventful year at Nell Gwynn, one which I suspect most leaseholders will have been blissfully unaware of ! How lucky you are .

It has been a year of continuing battles with the freeholder Fairbriar, and it has only been the constant vigilance of the RALA committee which has enabled us to close the year on a note of confidence in the future.

I am enormously grateful to the RALA committee for a very testing year. To Terry Condon my deputy for many years, a very successful businessman and chairman

of another large apartment block in London, to Robin Dunipace whose incisive brain, and expertise in planning and building conversions has been of invaluable help over the last three years. To Shirley Manson our long standing Secretary, Tony Howe, Managing Director of Collegiate Insurance Brokers, who is fronting the freehold buyout, John McKerrow our Treasurer, who was for many years with BP, Chris Springham, MD of Crystal Coaches, Murray Hancock our computer guru, and last but not least our solicitor Rupert Rokeby Johnson . Sadly unable to be here are Tonianne Dwyer , head of fund management at Quintain Estates, Valerie Le Moynan, lately senior client partner of Kornferry International and now retired , and Janine Rensch . Without this formidable team I would never have been able to keep the show on the road. I should add that Committee members do not get paid . We sometimes look at each other and wonder why we do it. As one committee member said - Nellie seems to cast a spell over one .

All members of the Committee are board directors of NGHF Ltd the company, which is fronting the buy out, more of which later from Tony Howe.

You may wonder what RALA actually does. Put simply we meet every two weeks for up to two hours, one of which is generally with Nicholas Hurst . We review every aspect of the major works progress, the collection of money from late payers, the latest activities of the freeholder, which have somehow to be thwarted. These have of late been largely to do with the basement which they have sublet to Haruna , a foreign investment company. You wouldn’t believe the mess they have got themselves into in an attempt to make the basement area fit for use. As a result RALA has put pressure on the MT to act in defence of our interests. This has involved numerous correspondence with the Council Planning Department and H and S , and not least a visit to the building by the Fire Officer. We await developments.

The purchase of the Freehold has of course been a major preoccupation for the Committee this last year. Tony Howe will elaborate later.

The collection of money from a few late payers of both the service charge and the £15000 calls has obviously been a concern and is regrettable. RALA is not given the names of those concerned , which I believe amounts to less than 15 flats .This is a matter dealt with by the MT and for Data protection reasons RALA is not involved. But it has taken up a lot of time with members of RALA attending LVT hearings and appeals as observers.

I don’t want to say more at this stage because we have a lot to get through and I know some of you will want to be getting away .

I will take questions.

Presentation of 2006 RALA accounts

John McKerrow, Treasurer , presented the RALA Accounts for the year ending 31.10.07 comprising the Income Statement and Financial Status Report. He noted that income for the year included a payment of £11,750 received from NGH Freehold Ltd, being reimbursement of the costs of a professional freehold valuation which had been commissioned by RALA prior to the decision to proceed with Collective Enfranchisement. He also drew attention to a provision in the Accounts for £8,000 in respect of part of the cost of an Inspection of the 2006 Service Charge Accounts which was being carried out by Moore Stephens, Chartered Accountants on behalf of RALA. The Inspection was completed in November 2007 and it was expected the final cost would be around £10,000. It was noted that the financial resources of RALA had improved during the year, with a closing balance of £7,412, which, together with membership subscriptions payable in 2008, was considered to be sufficient to meet RALA's expected expenses next year.

Approval of the Accounts was Proposed by Brigadier Hall , Flat 430 , seconded by Mr Morais, Flat 035, and carried by a show of hands of members present without objection. (A copy of the 2007 Accounts are attached as appendix 1)

Moore Stevens report

The meeting was then advised of the principal findings of the Moore Stephens Inspection of the 2006 Service Charge Accounts (reference Appendix 2 attached). The grounds for the decision by the Committee to implement this inspection, believed to be the first time an independent professional audit of the Maintenance Fund had been carried out, were explained. It was noted that as and when Collective Enfranchisement is achieved – some or all of the costs of the Inspection may be refunded to RALA by the new freehold company as part of its due diligence exercise.

Election of Officers

The Chairman advised the meeting that Robin Dunipace would be standing down due to business commitments, and as he no longer had a flat in the building. The Committee were extremely grateful for the work he had put in over the last 5 years and looked forward to his continued participation on the NGHF board. He asked the meeting whether there were any volunteers to take his place.

Heather Prentice , Flat 505, a journalist and contributing editor with the Yacht Capital Group, and formerly with Reuters offered her services and was welcomed to the Committee.

The Committee was proposed by Brigadier Hall , Flat 430 and seconded by Mr Duffield , Flat 144.

RALA subscription and RALA future

The Chairman explained that RALA has to be funded, not to pay the long suffering committee members, who are surely out of pocket , but to pay for professional advice and some expenses , the latter of which account for only £ 2700 of the nearly £ 12000 spent on outgoings.

It was proposed that, for 2008, the RALA subscription should be maintained at £ 50 to be paid in two instalments of £ 25 in Jan and July. A letter would go out with the Service Charge Demand within the next two weeks.

The future of RALA was uncertain as, from the date we achieved the Freehold, all participants would be able to attend the NGHF Ltd. AGM. It would be up to non participants to decide whether they wished to continue with RALA to represent them. This matter would be reviewed in due course. NGHF would of course make every effort to consider the interests of all Leaseholders, whether or not they were participants .

The Chairman then invited **Tony Howe** to address the meeting on the Freehold issue.

Freehold issue

Following achievement of the critical mass and the service of Notice upon *Fairbriar* the freeholder and *Haruna Trading* the lessees of the basement and letting office area, copies of the relevant leases had been obtained. From these a number of issues had arisen that would be relevant to the purchase.

Two *without prejudice* meetings had been held. These were sufficiently encouraging for an extension of time to be granted to *Fairbriar* for service of their counter Notice. However, no response to the offers having been received within the time allowed, *Fairbriar* were required to serve their counter Notice by the 4th September 2007. This counter Notice admitted the validity of the claim but not any of the elements of it. Indeed, *Fairbriar* were looking for a greater figure than that which they had previously indicated they would accept for the present value of the ground rents.

Tony Howe then dealt with the issues, which could affect the value and hence price to be paid. Whilst there was general agreement on the present value, other issues had arisen. The basement leases included a demise of the former Caretaker's flat, which had now been dismantled. The lease also created a potential exposure to a business interruption claim [to be paid by the service charge] in the event that any commercial tenants' activities were interrupted by essential works, such as the replacement of the rising mains.

Fairbriar had also parted company with the rear access and also the air space above the roof. As part of the demise of the letting office area one of the two staff toilets had also been included, potentially putting the administration of the building in breach of *Health & Safety* requirements.

The other issue for consideration was the question of unpaid service charges, some of which might be recoverable from the freeholder and for which an allowance should be given in any final completion statement.

THE WAY FORWARD

Tony Howe reported that the freehold board were awaiting Counsel's final advice as to whether or not we could require the basement flat to be reinstated. We would in any event seek to adjust the claim to include the air space above the roof and the wrongfully demised toilet, before applying to the *LVT* for a hearing to determine the various disputes and also what sums, if any, should be deducted from any completion statement in respect of outstanding service charge contributions.

The whole process could very well take until October 2008 to reach the *LVT* stage, unless a negotiated settlement could be achieved before that stage, with always the possibility of a further appeal to the *Lands Tribunal* by any party who felt aggrieved at the first decision.

John McKerrow then gave a detailed breakdown of the figures, showing that we were still on budget to conclude the purchase within the estimates already given as far as could be established at the present time.

John McKerrow then presented a brief report on the financial status of Funds advanced by Participants (£1,000 per participating lease) and the £250 per lease "Fighting Fund", noting that these funds had now been combined. He reported that:

(a) Costs incurred to date were some £108,000, largely Legal and Valuer's professional fees and expenses.

(b) Current estimate of costs to be incurred to complete freehold acquisition through CE were approximately £200,000 (excluding the Freehold Purchase price), that the balance of funds available in the combined Participants' Fund amounted to some £268,000, and that these funds were earning interest net of taxation at a rate of £1,000 per month.

(c) Assuming a Freehold valuation of £750,000 plus acquisition costs of £310,000, the overall cost for each participating lease should remain within the ranges indicated previously (depending on lease and size of flat) of:

1974 Lease	£3,000 to £4,000
2002 Lease	£5,000 to £6,000

The Chairman took further questions.

There being no further business the Meeting was concluded at 8.00 p.m.