St. Ann's Quay Management Limited ("SAQML")

Minutes of the 2019 Annual General Meeting

The Annual General Meeting of the above Company was held on 21st May 2019, at 7pm at the Malmaison Hotel, Newcastle upon Tyne.

Present:

Directors:

L Richley (50) – Chair
P Bate (73)
C Suddes (68)

Members:

N Wilbraham & G Hillary (3)
D Charlton (9)
M Searle & D Searle (15)
G Slater (19)
M Knight & H Knight (20)
G Ewen (26)
J Harrison (28)
H Ferriman & P Cresswell (32)
M Mackie (38)
A O'Neill (45)
K Taylor (48)
R Wardrobe & L Wardrobe (56)
M Allchorne & C Allchorne (62)
M MacDonald (75)
B Curry (79)
P Thompson (80)
S Sit (81)

In Attendance: L Williams (Kingston Property Services "KPS"), V Higginbottom, K Finlay & O Grimshaw (Living Spaces) and D Cheney (GFW)

Apologies:

L Salvesen (5)
E Stibbards Carlisle (7)
P Duff (21)
J Rickard (22)
R Ford (23)
C Thompson & C Thompson (30)
D Rutherford (33)
G Milbourne (42)
H Smith (64)
T Steanson & E Steason (67)
E Lightfoot (71)
A Stauss (74)
J Liggins (87)

Introductions

Louise Richley (Director/Chair) welcomed everyone to the meeting and introduced herself along with her Co-Directors Paul Bate and Chris Suddes, representatives from Kingston Property Services ("KPS"), Living Spaces, and GFW Lettings Agents ("GFW").

Louise asked if there were any new attendees who had recently moved in and there was a show of hands. Louise welcomed all new attendees and thanked them for coming.

Louise explained that following the main meeting there would be presentations from Living Spaces and GFW. Both companies are St Ann's Quay approved Lettings Agents and they have jointly sponsored the AGM in terms of venue hire and refreshments.

Louise indicated that the notes from the meeting would be circulated in around 2 weeks' time together with a copy of the PowerPoint presentation.

Louise displayed a Power Point presentation detailing the Agenda for the meeting. The Agenda covered 6 main areas: Review of Stakeholders, SAQML & Costs, 2018 Y/E Financial Position, 2019 Budget, Current Issues/Improvements, Lettings & Letting Agent Presentations and Questions & Discussion.

There was a question from a member about the procedure for asking questions. Louise indicated that the questions would be answered in the presentation and there would be time for members on the floor to ask any further questions at the end. Louise indicated that questions could be asked throughout if anything was unclear.

There were further interruptions from a particular member about the way in which their issues would be tackled and whether this was on a group basis or individually. There were also questions about recent issues over communicating via the concierge. Louise explained that every issue would be tackled and asked why the tone of certain members was being set so aggressively. This was met with comments denying this and never having been accused of being aggressive before, "young lady".

Louise provided reassurance that all issues would be tackled and there would also be a chance to speak at the end when discussions were opened up to the floor. Louise began the presentation with the first main issue.

Review of Stakeholders/Structure of SAQML & Costs

Each property has one share/vote in SAQML. The company decides how the building is managed. There are currently 3 owner Directors and KPS is Company Secretary.

Louise explained the history of previous freeholders of the development. The Directors have just found out that the freehold title is likely to soon be marketed for sale. Louise indicated that SAQML may look into the purchase of the freehold title but the Directors would need to view the sales pack.

Louise then explained the history of the managing agents of the site and, in particular, explained the issues with Town & City who managed between 2005 and 2010. It was found that Town & City were taking advantage of SAQML by inflating costs and there was no transparency or structure in place. SAQML removed Town & City and then successfully sued them which led to the sum of £100,000 being paid in settlement, of which SAQML received around £70,000 after costs.

The current freeholder, M&F Finance appointed CBRE Ltd as Managing Agent for the commercial units and the structure of the building in September 2013, replacing Storeys. There was a change in November 2018 whereby CBRE Ltd only manage the commercial areas and service areas. The Head Lease dictates that it is the responsibility of SAQML to manage the structure of the building. Unfortunately, the drafts of the lease and history of it have never been clear and terms contradict each other. After investigation, CBRE agree with this view.

Apleona are appointed to manage the full East Quayside Estate, including the private road, car park, security cover & Quayside area.

Louise then outlined the structure of St Ann's by way of a flowchart within the presentation.

Communication is mainly via the website. All of the information about St Ann's is there, including details of Director's meetings, policies and an e-mail for Directors. Further documentation and any information for inspection by members is contained in the blue file situated at the front of the room and can be freely accessed during or following the AGM.

There are 2 concierges, John and Les, who deal with day to day issues.

A member requested information about who answers questions about the development. The Directors indicated that this depends on the issue involved. For example, an issue with the bin store would fall within the scope of the concierge but more serious issues with the building would be the Directors.

It was suggested that members should have more input into SAQML as shareholders/ stakeholders in the company.

The Directors indicated that members had full access to them tonight and could correspond with them by e-mail. The website contained full information about the development and also had a private area providing further information which was password protected and not available to the general public.

Louise concluded this element of the presentation by stating the contractors come and go from the site under the control of the concierges and that KPS administer the service charge and acted as Company Secretary.

Resident Charges

Louise began this section by outlining the full charging mechanism for owners.

Apartment owners are required to pay a service charge to SAQML in relation to the residential parts, which is collected by KPS. This includes a wide variety of things which are summarised within the presentation.

In relation to water charges, each property has an individual water meter which there is no access to. This is similar to the position with the electricity meter. If an electricity meter reading is required, the concierges will be happy to provide this.

The water meter readings are recorded by the concierges annually on 31st December. As SAQML have to prepare an annual budget in advance of the year end, an adjustment is made in the service charge following the year end. Owners receive an adjustment for their actual water consumption based on meter readings to the individual apartment.

The Annual East Quayside Charge includes the cost of private roads, maintenance costs, security and management fees. While the Directors do meet with Apleona, SAQML has no real input in relation to these costs.

The CBRE charges are split 61% for residential units & 39% commercial units and are based on the square footage of the property. Under a new arrangement, SAQML is now responsible for the repairs to the structure of fabric of the building. This obligation is set out in the Head Lease.

Ground Rent of £250 per annum is collected by KPS on a half-yearly basis and then re-paid to the Landlord as per the terms of the Lease.

Car parking charges are payable quarterly direct to CBRE and SAQML has no control over this.

The invoicing structure is set out in the slide within the presentation.

SAQML Directors

There are currently 3 owner Directors who are motivated to manage costs, to keep St Ann's Quay as a high quality, prestigious building and to safeguard the long term future of the building.

The Directors have received great feedback and work hard to maintain standards.

Louise provided an example of the LED lighting system which cost £37,000 to install but had resulted in a reduction in the communal electricity bills from £25,000 to £4,000 per year.

The website provides Director profiles with details of their experience and a skills matrix. Each Director has a broad range of relevant experience and currently run their own business and has a connection with the local area.

The Director's meeting notes were available on the website.

Louise indicated that SAQML was committed to being open and transparent and encouraged members to look at the website and the blue file at the AGM which has a wealth of information on it.

Accounts year end 2018

Louise began this section by asking members if everyone had received their copy of the 2018 actual accounts. The members indicated that they had.

In summary, the 2018 budget was £280,000.

The actual income was £290,000 and the actual spend was £299,500, resulting in a deficit of £9,500.

Louise explained that in the past, CBRE would make decisions about the fabric/structure of the building and then invoice SAQML for the costs. Due to the changes, SAQML now does the split of the charges and invoices CBRE. This has resulted in additional income for SAQML.

In relation to the additional costs in 2018, legal costs were £6,000 more than the budgeted amount of £3,000.

Louise provided information about the Redcare system which is a automatically contacts the fire brigade if the fire alarm in the building goes off.

SAQML was told by Town & City that this system was already in place. It was discovered that while the infrastructure was in place, there was no actual connection to the fire brigade.

Louise recalled that there was an actual fire at the building but the fire brigade was not automatically called.

The cost of commissioning the Redcare system was £1,000 and the Directors considered this to be an important service for the building.

The cost of CBRE's building insurance was £1,000 more than budgeted. Louise stated that they had challenged CBRE on this.

SAQML has taken the payroll of the concierges' wages in house to reduce VAT on them.

Bin collection costs were £1,500 more than expected.

Louise indicated that this was the first time there had been a deficit. The Directors had made their best call but there had been unexpected costs.

It was also the first time that SAQML had used the Reserve Fund. There was an issue which required SAQML to change the fire alarm/smoke detectors which were beyond their 10 year working life. Furthermore, a program of repairs was carried out to the roof. The combined cost of these works was £30,000.

Following the additions and removals set out on the slide in the presentation, the balance in the Reserve Fund at the 2018 year end was £174,998. It was noted that this was a far better position than SAQML was under Town & City's management when there was no reserve fund.

The service charge accounts are verified by independent accountants and no audit is required.

There were 6 property sales at St Ann's Quay in 2018.

In terms of lettings, the Directors estimate that 70% of properties at the development are let. SAQML does not have tenant information for 45% of the let properties.

The Directors encouraged landlords to fill in details of their tenants on the relevant forms on the website. It was important from a security and safety point of view to know who is in the building.

A member asked whether inspections of let properties took place. He gave an example of other developments which we subject to regular inspections and thought that they should take place at St Ann's Quay.

The Directors indicated that they had the right of emergency access and that they would enforce the terms of the lease if required to. Landlord responsibilities were covered at a high level, but SAQML only has limited jurisdiction.

The Directors encouraged members to read the Resident Handbook on the website which covered such issues as running a business and general behaviour.

Budget 2019

Louise asked if everyone had received a copy and the members indicated that they had.

The budget for 2019 was approved in December 2018. The figure was £292,402 and this included £83,000 in respect of the East Quayside/CBRE charge. As explained previously, the Directors had no input in relation to this.

Louise presented a slide with the headline larger numbers in the budget as follows;

Buildings insurance was £25,000 which the Directors have attempted to challenge.

The budget for concierge and day to day maintenance costs was £45,000. The Directors considered that this was better and more cost-effective than employing a range of contractors.

The budgeted Reserve Fund contribution for 2019 was £40,000.

A person on the floor asked where the remaining balance was because the slide did not add up to £292k. Louise indicated again that the presentation was intended to show the headline figures only. All of the information was contained in the budget which has been sent out. The

budget and expenditure is monitored at regular Directors' meetings and the details are available on the website.

Any exceptional spend in relation to major works (£22,750 or more) would be subject to the section 20 procedure which is a 3-stage consultation process that allows owners to comment on the costs and the contractors to be used.

A person on the floor pointed out that the section 20 procedure also applied to long term qualifying agreements for a term of 12 months or more. The Directors agreed. Again, the presentation is intended as a headline summary.

The Directors did not expect any major expenditure at the current time.

Any spending under the section 20 threshold is monitored at Director level.

Data & Privacy

Louise indicated that the development is covered by security cameras. The images/footage are available to the Directors, the Concierges and the police. There have been cases in the past where the police have asked to see security camera footage.

A member asked where the cameras were in the development.

The Directors indicated that there were cameras on St Ann's Street (external), the bin shed, in the passage way (x3), the 3rd floor and on each side of the Quayside.

They are not in every corridor but further cameras can be added if problematic areas are identified.

The Directors were keen to emphasise that they were not spying on residents. The images/footage are only accessed when there is an incident.

In relation to key holdings, the Directors encouraged members to leave a spare key with the concierge. This was very secure. They obviously could not reveal where the keys were kept but they were kept in a key safe which requires 3 locks to access.

A member asked if it could be made mandatory for the keys to be left with the concierge in cases of emergency such as a water leak.

The Directors indicated that they have the right to access properties in the case of an emergency and have knocked down doors in the past where necessary.

The lease does not provide SAQML with full access to properties and the stance of the Directors was to follow the terms of the lease.

Insurance Cover

Louise outlined the responsibilities for insurance cover using the slide within the presentation.

Buildings insurance is included in the service charge. A property owner is responsible for contents and should take out a contents policy. Landlords should also take out a landlord policy which would cover public liability.

A member asked what fixtures and fittings would be covered by the buildings insurance policy. They gave an example of the kitchen that they had to have replaced.

Paul clarified that the structural parts of the building only would be covered under the freeholder's buildings insurance policy. Any items within an individual property including kitchen fixtures would be classed as contents.

A member indicated that their interpretation was that anything fixed within an individual property would be covered under the freeholder's policy.

Another member indicated their view that major disasters would be covered by the freeholder's policy. They gave an example of a broken toilet within their property which they considered to be a fixture/fitting that was covered by the freeholder's policy. The member expressed their view that owners need more clarification about what is covered under the freeholder's policy.

Louise stated that the Directors have a copy of the insurance certificate but had repeatedly demanded a copy of the freeholder's full policy from the freeholder but they had failed to provide it.

Several members thought that this was unacceptable and that SAQML needed to see a copy of the insurance policy so that they could see what was covered.

One member indicated that if a leaseholder wants to take out contents insurance, the contents provider requests a copy of the insurance policy for the building so they would need to have a copy.

As a result of the discussion, it was agreed that SAQML would write formally to CBRE to request a full copy of the buildings insurance policy. If and when this was received, a copy would be circulated to owners.

Action: SAQML to formally write to CBRE to request a full copy of the buildings insurance policy. (This was subsequently done by Louise Richley on Wednesday 22/5/19).

Water/Structural Issues

Louise indicated that newer property owners would hopefully be aware of the issues as part of the conveyancing process when they purchased their property.

A report was commissioned by Storeys Edward Symmons in 2013 which focussed on the water pumps, main riser pipes leading from the basement up through the residential parts and the fixtures and fittings which feed through the common parts. The problems relate to poorly fitted brackets, which are also the wrong specification and probably never fit for purpose. The report highlighted that significant escape of water could occur if remedial works are not

completed. In addition, due to the large history of water leaks it is doubtful that all of the internal plumbing within the apartments were installed properly either, or to the correct specification (although these areas weren't covered by the report).

In short, there are major problems with the systems and many residential and commercial properties may be affected.

Louise set out some of the problems she had experienced in her 15 years of ownership. A pipe that has been dripping slowly over the years had caused her internal kitchen wall to collapse.

There was a huge flood in January 2016 and the fire brigade attended to deal with one major problem with one joint.

One member asked whether things had improved recently. Chris indicated that some areas had been resolved and the leaks were better. There have been no clean water leaks since the repair works in 2016 and recent problems have been issues around waste water pipework.

At this point, a member pointed out that they had owned a property in the building from day one and had not experienced any problems.

Another member asked whether there was a schedule of instances which set out the problem areas and whether it was known where the pipes run.

The Directors noted that in the first few years, (before the current Directors of SAQML managed the building), Robertsons had been returning to the development periodically to fix problems and had been taking manuals that were kept in the concierges' office. As a result, there was little information about how the pipework etc was laid out.

Louise set out the two main courses of action that could have been taken.

The first was to pursue Zurich under the 10 year warranty. The second was to pursue Robertsons/CBRE.

Louise noted that SAQML cannot take legal action directly against Robertsons as there is no contractual relationship between SAQML and Robertsons. The contract was between Robertsons and the freeholder.

As explained earlier, the original freeholder, City Lofts is in receivership. The subsequent freeholder, Whitewell Estates did nothing to assist and the current freeholder, M & F Finance will not deal with the issue.

Louise then showed the meeting pictures from the presentation which highlighted the issues with water damage.

The first picture showed a rotten pipe and surrounding area which was not fit for purpose. There was speculation that sub-contractors hired by Robertsons may have attempted to sabotage some of the pipework due to a dispute.

The other pictures also highlighted defective pipework that was clearly not acceptable.

The problem was noted to include rainwater and sewerage.

A member indicated that they had obtained an internal inspection report prior to purchase which indicated no problems with their individual property.

The problems are around the building in both internal apartments and the communal areas. The issue is compounded by the fact that much of the pipe work was hidden behind walls and the only way to access them is to dig out the walls.

The Directors noted that CBRE had put access panels in, mainly on the 3rd floor. They had also put a leak detection system in place on the 3rd floor. This was a membrane which would shut off water for the block if it was touched by water. The cost of this was estimated to be £300,000 but it hasn't been operational for some years

Louise then presented pictures of the commercial floors which showed that these areas had been affected by water damage also. The CPS have experienced lots of problems and have recently relocated within their building but not moved out.

The current position is that the freeholder has replaced the water pumps and corrected pipework in the basement. This had largely solved the problem with the fresh water supply.

SAQML had launched a claim against Zurich under the 10 year warranty and this is ongoing.

Zurich originally offered £20k in full and final settlement towards the necessary remedial works, which increased to a £30k offer. This was not sufficient and was rejected.

There have been visits by loss adjusters and also a building design consultant appointed by Zurich. The Building Design Consultant inspected as many accessible parts as possible via ceiling voids, existing hatches etc. Whilst they accept that it looks likely that the pipework is defective, this has not been reported back through the official channels.

The experts believe that the problems lie with the way that the building was constructed but it is not easy to gain access to the relevant areas as some are encased in concrete and brickwork.

The Directors have obtained a view from Counsel which indicated that the prospects of success at Court were 65%. Some members thought that this was quite high and an indication that the claim was going to be successful.

SAQML's lawyers have issued letters before action; firstly on 30th August 2018 with a 28 day deadline. This was re-issued on 22nd March 2019 with a deadline of 5th April 2019. There has been no response to date.

A member asked which solicitors SAQML were using now and what happened to Ward Hadaway.

Louise confirmed that the company was using Brethertons Solicitors in Leeds in the case. She explained that Ward Hadaway did not appear to be willing to push matters to the next level and were not going to issue proceedings.

Louise confirmed that in November, Counsel advised the solicitors to issue proceedings.

However, Counsel also indicated that they needed copies of the Zurich certificates and schedules for the individual apartments which is why she had written to residents recently requesting copies.

All residents should have been provided with copies as part of the conveyancing process when they bought their property. The presentation showed an example of what the policy looked like. It was important that they had the certificate and the schedule (an example of which was also in the presentation). From the examples that had been returned so far, it appeared that the schedule was printed on the reverse of the certificate.

Louise explained that the advice the Directors received was that SAQML cannot take the court action; it had to be all individual leaseholders. So this was the Directors stepping back from their role within SAQML and saying that they believed we should act together as a group.

A member asked why everyone needed to provide a certificate and questioned whether Zurich would not hold copies.

Louise stated that they needed to make sure that everyone has a policy and there were no contradictions in the schedules between the properties.

Counsel indicated that it was likely that Zurich would be obstructive and would refuse to disclose the policies or charge significant fees for doing so. Counsel had advised that it would be expensive to make Zurich disclose them. Further down the line, they would need to see all of the policies to ensure that there were no contradictions.

Louise thanked those members that have sent in their policies and have brought them tonight. She asked the meeting whether there was any objection to obtaining all of the policies and there were no objections raised.

A member asked what would happen to the settlement monies if the claim was successful.

Louise confirmed that the monies would go into the Reserve Fund.

Another member asked whether we had a settlement sum in mind.

Louise indicated that the value of the claim was £2 million. This was the amount that is estimated to be required to proactively look into the problems and reactively deal with them. It was difficult to justify the figure without a full structural report and the Directors were working with the solicitors on this point.

A member asked if SAQML would employ architects/engineers to rectify the issues if the claim is successful. Louise confirmed that they would do this. The main concern was to implement the solutions and maintain the integrity of the buildings.

The member that asked about the settlement sum then asked whether there was a breaking point in terms of the legal costs. There was a question of how much money to spend on pursuing the matters and what amount we would accept in settlement. The member thought that there should be a leaseholder information meeting to discuss the matter and to reach a communal decision.

Louise responded by saying that the Directors would seek Counsel's advice on the two questions above.

Another member asked how long this matter had been going on and it was noted that the claim had started in 2013.

There was a further question about whether Zurich would settle. Louise indicated that Zurich were not willing to settle and have been completely ignoring SAQML's solicitors. When we issued court proceedings, they would have no option but to respond and deal with the matter.

A member asked whether the solicitors we were using had expertise in tackling Zurich.

Paul explained that Brethertons were experienced in leasehold matters and the Directors were comfortable with using them.

Louise then moved on to talk about the wider legal dispute with CBRE and the presentation indicated the breakdown of the costs that were in dispute.

The current relationship with CBRE was more constructive that it had been in the past. The difficulty was that the Property Managers tend to change quite often and, just when SAQML had established a relationship with a Property Manager, they would leave and the process would have to begin again.

SAQML has tried to contact the freeholder directly. The freeholder does not acknowledge SAQML as a company so contact has to be through CBRE.

A member asked if SAQML was rolling over in its relationship with the freeholder.

The Directors indicated that this was not the case but there is a balance to strike. They are trying to have a constructive relationship and this is particularly important at the current time when the freeholder is preparing to sell.

Improvements/issues

Louise moved the presentation on to the issue of bathroom tile maintenance.

Some property owners had complained about the bathroom tiles being porous and there was a range of opinion on this.

Louise made members aware of a particular product that had been recommended to deal with the issue and this was shown on the slide. Louise advised the use of a protective mask when using the product.

A member noted that there were companies that will clean and seal tiles and provide a guarantee for a cost in the region of £120. They felt that this may be preferable to individuals doing it themselves.

Louise asked if the member could share the contractor's information with other owners and SAQML would happily upload this to the website.

Roof Repairs

The discussion then turned to the serious problems with the roof. The issues were not caught within the 10 year guarantee period and, therefore, a claim could not be made to Zurich.

CBRE had estimated that the cost of a full roof replacement would be in the region of £100,000.

A member asked what SAQML would get for £100,000.

Paul indicated that the works would include a new membrane for the roof. He stated that we had brought in Sarnafil to look at the membranes with a view to looking at a patching programme. Parts of the roof have been repaired by Sarnafil contractors. There is a 10 year guarantee for the works which is available for all members to view.

Sarnafil had produced a second report which detailed further repairs and identified issues with the walkways on the roof, particularly under tiles. The walkway tiles have been replaced.

It was also found that there were punctures in parts of the membrane and this could have been the case since day 1. It is possible that the original or subsequent contractors had caused some puncturing. There have also been issues with seagulls which could have caused further puncturing.

A member asked whether SAQML managed who had access to the roof.

Louise stated that access is via a locked area on the 9th floor and there could be no unauthorised access.

A member asked whether SAQML should spend money to fix the roof once and for all and called for funds in the Reserve Fund to be used to do this. The member indicated that SAQML had spent money to repair the roof but this had not resolved the issue as there were leaks to his property.

After discussion, it was noted that the leaks were not coming from the roof and that two issues were being conflated.

Paul suggested that the full roof replacement was perhaps being recommended by contractors who did not have a real interest in the building. The Directors were comfortable with the work that has been done and there is a 10 year guarantee for this.

A member suggested whether this issue could be put to the owners.

The Directors indicated that the process in place was entirely appropriate at the current time. It was noted that a full roof replacement would not necessary result in a perfect roof that would stand the test of time. It was possible that it would still leak. There was no perfect solution but it was thought that spending a smaller amount of money on repairs and continuing with the annual survey was a reasonable compromise. It was not thought to be necessary to spend £100,000 on a roof replacement at this time.

In response to a query from a member, the Directors confirmed that the £21,000 spent on repairs was across the whole roof. The Directors intend to have the roof surveyed on an annual basis. The guarantee was available in the blue file for inspection for all members to inspect and is on the website along with the survey reports.

The Directors assured members that they would monitor the position closely.

Leaks around windows

There had been issues with water ingress in the windows of apartments and communal areas. Louise handed over to Paul to explain further.

Paul noted that the photograph in the presentation showed the typical issue that had arisen with windows.

SAQML had instructed Velfac (the manufacturer of the windows) to come out and look into the issues.

Velfac stated that the product was not the problem; it was the way it had been installed which had left gaps.

Paul explained that there were also issues with the foam within the window frame. The purpose was for the foam to expand to make the windows water proof. If the foam expands too much, it is not water proof and the driving rain would come straight through.

Louise indicated that she has suffered from the issue (the photograph in the presentation was of her window) and was willing to act as a test case to find out what the exact issue is. She was going to have her windows removed at her expense and share the findings with other members.

Paul indicated that a company called Building Maintenance Company was looking into this issue. Velfac have been very slow to respond.

A member asked whether this is a rolling project and whether SAQML could get this resolved now.

Louise stated that she is doing this and the first step would be to find out the facts behind the issue.

A member asked how many windows were affected. Paul estimated that 80% were affected.

A member questioned whether Velfac had come back to SAQML on the issue of the foam.

Paul explained that Velfac had come up from London and that the Directors were trying to do everything they can to resolve the issue.

It was also noted that Robertsons had carried out remedial works at various times which had somewhat disguised the fact that there were major issues.

Louise closed this section by indicating that she would share the findings from her window replacement with members via the website.

Security/Access

Louise showed the meeting images from CCTV which captured what appeared to be a drunken man who had grabbed a slow closing access door and obtained access to St Ann's.

The man had tried to gain access to the West Block but did not have the necessary fob to do so. Luckily, the matter was dealt with and Louise confirmed that this was the only such incident that SAQML has had in the past 12 months.

Louise encouraged members to be aware that the door closes slowly and not to let anyone in behind them. It would not be inappropriate to ask to see a person's fob in the circumstances.

SAQML spent £9,000 on security in 2019 and the budget is £4,000 for 2019. There was a provision for general maintenance and upgrades as required but there were no expenses planned in 2019.

A Crime Prevention Office had visited St Ann's Quay and noted, as with every property, that if someone was determined to gain access, they could do so. There were steps that could be taken that could make St Ann's Quay less of a target.

The Crime Prevention Officer has assessed the disabled gate access on St Ann's Street and identified that there is a high risk of tailgating as it took around 2 to 3 minutes for the gate to close.

The gate was only for disabled access.

A member thought that the term "disabled access" should not be used and that the ramp should be accessible to everyone.

Chris indicated that he as a wheelchair user had no issue with the term being used.

A member stated that they had problems with their legs and asked whether they could have a key for the ramp.

The Directors indicated that this would be possible and that an application could be made by filling in a form on the website.

Aside from this, the concierge was available every day to provide access.

The discussion then turned to the East Quayside parking area. The policy in relation to this was on the website.

Members were encouraged to contact the concierge if they required use of the loading bay and a 3-hour fob was available from the concierge.

A member raised an issue about an area on the West End which they wanted to be able to park in to take his shopping up to their flat. They believed that the land in question was owned by SAQML and the member did not think that SAQML should be imposing parking restrictions on this area.

The Directors noted that a similar discussion took place at the last AGM. The area in question is a pavement which is controlled by the Management Centre and SAQML has no input into the parking policy for the pavement.

It was noted that there was signage in the area in question which had always been there and which had been replaced at some point by SAQML. The signage prevented parking on the pavement in the area and was felt to be necessary so that there was not a free for all.

The Directors emphasized that the concierge would assist where possible with loading/unloading issues and the 3 hour fob was available. Parking on the pavement area was governed by the Management Centre's parking policy but the St Ann's Quay policy is available on the website.

Pest Control

Louise noted that there had been a moth infestation but that this was not extreme and limited to certain areas only.

A photograph was shown in the presentation and it was noted that moths had been eating the carpet area behind the door in the photograph.

The Directors recommended stripping back the carpet in the boiler cupboards to the concrete floor as shown to reduce the instances of this happening. Paul indicated that he had done this himself.

A member asked whether the Directors could recommend a particular contractor to carry this out as they were not capable of moving their washing machine in order to strip back the carpet.

Another member stated that they had employed Rentokil to come out for a fee of £345. They had dealt with the issue satisfactorily and had provided certification for the work.

At this point, a member suggested having the circulation area of the moths hit and having it done once and for all. They also suggested replacement of the communal carpets as they had been down for 16 years and indicated that a replacement of carpets took place every 3 years at some other developments. It was also noted that they had found moths larvae under their carpet.

The Directors indicated that this was the first that they had heard about moths larvae in a communal carpet and requested further details to be supplied. In addition, as the carpeting is synthetic it is not likely to be attractive to the moths.

In relation to the suggested carpet replacement, it was noted that carpets had been replaced on the 3rd floor entrances and Quayside entrances due to the amount of footfall there. The Directors were constantly monitoring the situation and there was a balance to be struck when spending service charge monies. The Directors would keep a close eye on the issue and encouraged members to report any problems.

Cleaner Air Strategy

Louise stated that she had attended a consultation meeting about the Cleaner Air Strategy for Newcastle.

There were 6 areas identified as having high emissions. The Central Motorway was a particular issue as it was double decker and there was no room for emissions to escape.

A Legal Order has been issued from central government to improve the air quality in Newcastle.

The options discussed were to create Clean Air Zones whereby the most polluting vehicles would be charged and/or Low Emission Zones/Bridge Tolls for all vehicles.

The proposed Clean Air Zone does cover the Quayside and St Ann's Quay would be affected. It was estimated that 300,000 people in total would be affected.

A decision was due by 2019 and the first charges would be introduced in 2021 if approved.

There is more information on the website.

Louise indicated that there was a sense that this was a done deal and this was backed up from Donna at GFW.

Telecomms/Connectivity

Under the Head Lease, SAQML is responsible for connectivity and cabling.

The Directors wanted to express their apologies for the issues with Sky last year. Sky was out of commission for about 4 to 5 weeks and this was due to a contractor that SAQML will not be using again.

Sky plus is no longer supported by Sky, as Sky Q is now the standard. The cost to upgrade the system was £8,000 and this cost will come through in 2019.

The Directors requested that members arrange to use the communal Sky feed and remove any external dishes on their properties.

A member asked whether there would be compensation for the lack of Sky for a period of 4 weeks. The Directors indicated that Sky would not be paying compensation but individual property owners could take this up with Sky if they wished.

The member that raised the issue indicated that they had successfully obtained compensation directly from Sky but was concerned about other residents who had not. The member suggested that the delay was ridiculous.

The Directors stated that this was why an apology had been issued and that the contractor in question would not be used again.

Cladding

Louise handed over to Paul to lead this section.

Paul stated that there was some cladding on the building. This was an aluminium encased fibrous material that looks like plywood.

Samples had been taken and the results were not conclusive on meeting the relevant standards. It was noted that all materials will burn with enough heat.

The next stage would be to test whether a fire in one apartment could go out of the window and enter another apartment at a higher level.

An assessment had shown that the timber balconies increase the chance of fire spreading.

The proposal was to clean the timber balconies, starting at the top, before applying fire retard treatment. This would include the joists beneath, too.

A member asked what percentage of the building is covered with cladding. Paul indicated that this was not a large percentage. Cladding was present in certain areas, mainly in the centre block. It is difficult to define the risks.

A member asked whether this should not be an increased priority following Grenfell.

Paul indicated that there were other factors involved in Grenfell. He confirmed that CBRE have followed all of the relevant guidelines on testing.

A member asked whether the review of the last Fire Risk Assessment carried out in 2017 had taken place. The Directors confirmed that the works identified in the 2017 assessment had been carried out and the 2019 assessment had just taken place, which noted some minor issues such as a few fire door hinges needing adjustment or replacement.

The Directors confirmed that they will be carrying out further work with CBRE in relation to cladding and any works that are required.

Other issues raised

Louise addressed rumours about the alleged misappropriation of funds by Directors.

Louise stated that members were welcome to ask questions they wanted to of the Directors and affirmed that the way that SAQML operates is fully transparent. All policies are on the website and members are welcome to inspect any hard copies of documents stored in the blue file.

She stated that members may not agree with everything that the Directors do but they should be assured that all the Directors wanted to do was to make the building better.

Louise opened the discussion to the floor to receive any comments but none were forthcoming.

A member asked about contractors and how they were awarded contracts.

The Directors indicated that they were most welcome to look at who SAQML awards contracts to. All approved contractors were listed on the website. Paul indicated that very little work is tendered because of the generally small nature of the works.

A member asked about whether SAQML funds are still held in trust with Barclays Bank as they were when KPS were managing agents.

The Directors confirmed that the service charge funds were held in a bank account and the Reserve Fund was held in a separate bank account. The funds were never held in trust to their knowledge; they were just held in a bank account.

A member asked about whether they could see copies of the accounts in detail. The Directors indicated that all members could apply to KPS to inspect copies of the accounts and invoices that applied to SAQML.

Prior to the meeting, a member had raised an issue about solar panels. The Directors confirmed that this had been investigated previously and was deemed not to be viable.

Another issue raised prior to the meeting was the “To Let” sign on the side of the building. SAQML had raised this at a meeting with CBRE on 29th April 2019. CBRE have been requested to remove the sign.

Any other business

Louise opened the floor for any further questions.

A member asked why a barrier had been put up on the east side of the building.

Paul indicated that this was to control parking and to provide space for contractors.

A member stated that they had recently moved into the building and expressed thanks to the Directors for replying to her e-mails. They praised the concierges and wanted their positive feedback to be noted.

The member noted that strong feelings had been raised in this meeting and suggested that a vote was taken on having another meeting in 6 months' time, in part to get sign off from members on the legal case with Zurich.

The Directors agreed to take a vote from members on whether there should be another meeting in 6 months.

On a show of hands, it was clear that there was a majority for another meeting in 6 months and the vote was approved.

A member asked why the Directors weren't spending more of the £170k reserve fund in making improvements in the building. The Directors responded by saying it had taken years to build up the balance from nothing when Town and City left and it was prudent in a building of our size to have a considerable reserve fund. There is a regular building inspection and the Directors balance spending required against maintaining sensible levels of reserves. The member commented that there was £170k to spend. The Directors were very opposed to spending on carpets where there is almost zero footfall as an example just for the sake of spending money.

Louise reminded members that the meetings of the Directors' meetings would be on the website.

There were no further questions from the floor.

Letting Agent Charter

Louise opened this section by stating that the Charter was available for inspection.

SAQML does not exert control over which letting agent that leaseholders use but they have approved letting agents that have signed up to the Charter.

Those agents discussed the terms of the SAQML lease with the tenants that they were placing in the building.

The term had to be for a minimum of 6 months and short-term lets were not permitted by the lease.

Louise noted that a significant number of properties were let by GFW and Living Spaces who had generously provided refreshments and the buffet at tonight's event.

Louise then handed over to Donna from GFW for her presentation. The main points to note were that the lettings market is buoyant in Newcastle. Lettings were up by 20% over the last year and there was good tenant demand.

Donna noted changes to legislation involving the Energy Performance Certificate ("EPC") which required landlords to contribute up to £3,500 towards works to improve the energy rating of a property if it was below an "E" rating. An "E" rating was now the minimum standard for an EPC.

Donna noted the tenant fee ban which prevented letting agents charging any upfront fees to tenants such as for credit checking and references. This was having a significant impact on some agents, particularly smaller agents, who she felt would have to increase their fees in order to survive. It was noted that GFW and Living Spaces were keeping their management fees to landlords the same.

Donna indicated that there was no evidence that Brexit was having an impact on the lettings market.

A potential change involved the potential abolition of section 21 notices which was designed to prevent an eviction notice being served on a tenant for no reason at all. Donna stressed that other methods of removing tenants were still valid.

Donna also mentioned that there were plans to regulate letting agents which she welcomed, as there were many agents who did not meet the high standards that GFW and Living Spaces adhered to.

A member noted that resident owners were relying on letting agents to be policemen to a certain extent and asked about the inspections that GFW carried out. Donna indicated that regular property visits took place, usually around every 6 months. There were triggers, such as poor cleanliness or rent arrears that may cause them to inspect more often.

Both GFW and Living Spaces indicated that St Ann's Quay generally attracted a higher quality tenant. Kathryn of Living Spaces provided a list of the type of professionals that they had placed in St Ann's Quay.

Kathryn's presentation focused on Living Spaces' ability to find tenants and manage properties for landlords as well as emphasising the sales that they had achieved at St Ann's Quay.

Following the close of the letting agents' presentations, Louise returned to the stage to close the meeting.

There was one final question from a member about whether SAQML was open to further Directors.

Louise indicated that they were very comfortable to consider further Directors and referred the members to the website for details of how to apply.

The meeting closed at 9.39pm.

A buffet and informal gathering followed to close the evening.