



Pearl Valley Home Owners Association

Townhall Meeting & Members' Referendum "Super Estate" - April 2024

Dear Members

Thank you to all the Members who attended the Townhall Meeting last night, in person or online. Your interest and participation is greatly appreciated.

A copy of the PowerPoint presentation is available [here](#) and a recording of the entire meeting is available [here](#).

As discussed last night, the Val de Vie HOA trustees have sent an "Official Notice of Separation" to the Pearl Valley HOA trustees, a copy of which is available [here](#). Accordingly, the Pearl Valley HOA trustees have decided to hold a Referendum in order to obtain a clear mandate from Members with regard to the matters raised in the Val de Vie Notice.

The Referendum Options:

The PV trustees have carefully considered the many comments and opinions submitted by homeowners in advance, as well as the points raised at the Townhall last night. Whilst we recognize that there could be many possible permutations, we believe that we must present Members with two clear options – to either accept the Val de Vie demands or to submit an alternative proposal to VDV which offers a reasonable compromise and a potential pathway to resolving the current impasse.

We believe it is critical that our second option should clearly show VDV homeowners that PV Members are not unreasonable and that we are still very willing to join with them in finding a workable solution, whether that is in the form of one HOA or two.

We understand that the two options presented may not perfectly fit every Member's wishes, but we urge you to carefully consider the effects of both options and to choose the one which is closest to your ideal preference.

Please remember that this Referendum is intended to give the trustees a clear mandate in responding to the VDV Notice. It is not the final say and we are committed to convening a Special General Meeting for Members to vote on approving any Super Estate deal that may be reached in negotiations with VDV. Members may therefore support the option of us proposing a compromise now, but reserve their final decision until such time as the full details of a potential agreement are presented for voting at an SGM.

Option 1:

The trustees are mandated to agree to the Val de Vie HOA's demands. This will entail convening a Special General Meeting for Members to vote on approving a Special Resolution that will constitute "an irrevocable acceptance by the PV HOA of the principles of a Single HOA Super Estate model". The wording of the Special Resolution will be determined by the VDV HOA trustees.

The effect of this option is that the trustees will convene a Special General Meeting (SGM) on 28 days' notice, as per the PV HOA Constitution. The wording of the resolution to be voted on at the SGM will be determined by the VDV trustees. A two-thirds majority vote in favour will be required for the resolution to be approved.

In voting for this option, Members accept that VDV will determine the wording of the Special Resolution and therefore the terms under which the One HOA Super Estate would

be adopted. There will be no independent financial due diligence and no guarantee of protections for the existing rights of Pearl Valley members in terms of the PV HOA constitution. The VDV trustees could ultimately impose and adjust levies at their sole discretion.

Furthermore, if the Special Resolution is approved, the new Pearl Valley constitution, which was approved by 100% of Members who voted at the AGM in August 2023 and finally brought an end to the development period in Pearl Valley, would be cancelled. The Pearl Valley HOA would be dissolved, and the Super Estate would be under the control of One HOA in which Pearl Valley members and Pearl Valley representatives would be completely outnumbered by VDV members (including multiple 20% levy payers) and VDV trustees (including developer representatives).

For these reasons and due to the many unknown or undisclosed details, the PV trustees do not support this Option.

Option 2:

The trustees are mandated to propose to the Val de Vie HOA that the Super Estate be implemented on the basis of either "One HOA" or "Two HOAs" as follows:

- One HOA, subject to an independent financial due diligence being completed and agreement being reached on the new Super Estate constitution within a period of 60 days, with the process being facilitated by an independent mediator.
The proposed new constitution (including levy structures, the protection of existing rights, and details of Developer voting rights and veto rights) to be approved at Special General Meetings by the requisite majority of members of both HOAs.
- *Failing the above, there should be Two HOAs, as per the current structure, with Pearl Valley members paying an additional R500 (five hundred Rand) per month for reciprocal access, amounting to approximately R4.5m per annum. Appropriate agreements to be signed between the HOAs to formalise the reciprocal access arrangements and to ensure the ongoing effective management of collective matters, especially Estate Security.*

In voting for this option, Members accept that the VDV trustees have already given formal notice of their intent to terminate reciprocal access and have repeatedly declined to discuss any option other than "One HOA." Furthermore, they have made clear that the only alternative for them is complete separation of the estates. There is thus a strong likelihood that the VDV HOA will reject the proposal and proceed with termination of reciprocal access as per their Notice and formal separation of the estates, including the possible erection of a boundary fence.

However, Members support the stance of the PV HOA trustees that it would not be prudent to agree to VDV's demand for "irrevocable acceptance" of their terms for One HOA without adequate protections. This would include proper financial due diligence being concluded and the specific terms and conditions for the One HOA (including levy structures) being communicated openly and transparently, and ultimately ratified by Members.

Furthermore, Members support the PV HOA trustees' opinion that separation of the estates is not the only alternative to "One HOA" and the parties must explore other options together, in good faith.

The PV trustees believe that a vote in favour of Option 2 will represent a mandate for positive engagement with the VDV HOA, whilst fully protecting the rights and interests of PV members as enshrined in the new PV HOA constitution, which was approved by 100% of Members who voted at the AGM in August 2023.

Referendum Arrangements:

All members of the Pearl Valley HOA are entitled to vote in the referendum, provided that only one vote may be cast per registered property or sectional title unit.

Voting will take place virtually via the Lumi platform. Online registration is now open and voting will close at 17:00 on Monday, 29 April 2024.

To register, please click [here](#).

After registering, Lumi will send you your unique login information and you will then be able to cast your vote.

Please note that there will be no proxy voting – members will be required to exercise their vote themselves. Where a property has more than one owner, only one person may register

to vote and will be required to confirm on the voting platform that they are duly authorised to vote on behalf of the other owner(s).

All votes will be treated as strictly confidential. The voting process and the tabulation of results will be done by Lumi, together with the HOA's independent auditor. Subject to verification by the auditor, the preliminary results will be announced by close of business on Tuesday 30 April.

For any procedural queries, kindly contact the HOA on info@pyhoa.co.za

Thank you for your participation.

PV HOA Trustees
25 April 2024

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