BODY CORPORATE OF LE DOMAINE

CHAIRMAN'S REPORT

TO BE PRESENTED AT THE 9TH ANNUAL GENERAL MEETING TO BE HELD AT THE CITY HILL CHURCH MAIN AUDITORIUM, GREENMEADOW LANE, HILLCREST ON TUESDAY 24TH APRIL 2012

1. INTRODUCTION AND WELCOME

It gives me great pleasure to report to members and residents on the affairs of the Body Corporate for the year ended 31st December 2011, and to an extent on events that have taken place in the early part of 2012.

2. PROGRESS DURING THE YEAR

It is pleasing to report that major progress has been made in the most important areas such as security, storm water control and digital services, as you will know from the Trustee Updates issued during the year. The satisfactory financial results are a further highlight – these will be covered by Cathy Kennedy in her presentation.

It is however, with much regret, that I have to report that the relationship between the Body Corporate and the Developer has been beset with many problems during the year.

These have not been resolved. I will not go into the detail of these problems, but will ensure that the incoming Trustees are well acquainted with the issues at hand and the proposed resolutions thereto. Suffice to say that the problems include inter alia a number of items that the Trustees believe should have been delivered by the Developer. We have taken legal advice on some of these issues and believe that we are in a strong position.

Your serving trustees elected by the Body Corporate at the 2011 AGM have at all times been driven entirely and exclusively by the necessity to protect the interests of the Body Corporate of Le Domaine both now, and into the future. We simply cannot permit significant levy increases and/or major expenditure to be incurred in the future as a result of our not addressing current and historical delivery shortcomings by the Developer.

3. STATE OF THE DEVELOPMENT

Resales in 2011 totalled R48.7 million in respect of 34 units, which was slightly lower than 2010 – 36 units with total value of R54.7. This reflects the depressed housing market in 2011. However, 13 units to the value of R24.3 million have been sold to date in 2012, which shows an improvement in average value and also a possible upturn in the market. These figures have obviously benefitted the LSF, which Cathy will cover in her presentation.

We are advised that the Developer plans to complete construction by June 2013. Unfortunately information of new sales was not forthcoming from the Developer.

4. BODY CORPORATE ADMINISTRATION

Cathy Kennedy will be presenting the Annual Financial Statements and 2012 Budget at the AGM so I will report only on the key points.

Once again it is a great pleasure to report that the Financial Statements received a clean audit report. Given that the Body Corporate receives in the order of 22.5million in cash during the course of the year, such a report gives owners the required assurance that the necessary controls, policies and procedures are in place to safeguard owners’ funds.

The actual results for 2011 before any contribution from the Levy Stabilisation Fund (“LSF”) ended R724,000 ahead of the budget. In light of the positive result against budget the Trustees made a decision to transfer only R800,000 of the budgeted R1,600,000 contribution from the LSF. The Trustees based this decision on the view that it made more financial sense to only draw what is absolutely necessary to fund operations and to rather maintain any excess within the LSF investment portfolio to maximise growth of the fund.
Despite a tough year as far as the property market and the global economic crisis is concerned, at the end of 2011 the LSF stood at R12 million, ahead of the interim target set for the year of R11.8 million.

In 2012 it is proposed that the LSF will contribute R1.8 million to the levy fund, representing roughly 10.6% of total expenditure. The longer term goal is for that contribution to rise to 20% on a sustainable annual basis.

The debtors’ book has maintained last year’s standing of zero arrear levies. Once again this gives reassurance to owners that the finances are strong and healthy.

5. DIGITAL SERVICES – THE NEW SYSTEM IS FINALLY BECOMING A REALITY

Since the last AGM we have seen the demise of the previous supplier (VGS) and the takeover of the contract by Smart Village. This was a cause of further delay and frustration in the implementation of the new network. We now finally appear to be out of the woods and can look forward with confidence to a reliable, cost effective and state of the art digital service! Residents on the Le Domaine TV bouquet will now also enjoy certain additional TV channels and an extra 31 radio stations at no extra cost.

The fibre network has proved to be extremely reliable since the first resident installation in December last year and provides a significantly higher quality overall product. The TV problem experienced on the fibre network in late March was occasioned by a faulty satellite dish and had nothing to do with the network or new head end equipment.

At the time of writing this report (28th March) 238 residents have the new fibre optic network installed in their homes (for email and telephone) with some 171 of these also on the fibre TV, and it is planned that all residents (except for those in the apartments) will have been fully converted by the end of April. Those residents with PVR’s will remain on the copper network for TV only, until July, when the new IP PVR will become available.

Residents will have noted the many holes being dug by the maintenance team over the past few months. This mammoth exercise, resulting in an unbudgeted expenditure of some R200 000, was required because of the unacceptable standard and quality of the original copper network installation.

The monthly digital levy of R595 should have been applied with effect from 1 January this year. We have however resisted this increase but as the fibre network has now been installed the new rate will apply from 1 May 2012.

Final contract terms and a detailed Service Level Agreement will shortly be finalised.

6. STORM WATER BETTER CONTROLLED

During 2011 a concerted effort was made to reduce the risk of storm water damage from heavy rainfall. Measures were taken to direct the run off from Camp Orchard to two points at the boundary wall above Normandie, from where the run off was led through the Estate to discharge into an attenuation pond in Village Versailles.

The storm water is then discharged from the Estate at the correct rate so as not to create problems downstream from Le Domaine. We have only had two heavy downpours since completion and the areas in Normandie that were previously flooded, came through these incidents unaffected. The area in the new Versailles houses has not been fully storm proofed and the final discharge from the Estate still needs to be completed. The Versailles area is still under the control of the Developer.

The Estate is less vulnerable to storm damage than it was a year ago.

7. MAINTENANCE

The maintenance team under the leadership of Bugs Palmer has done an outstanding job during the year. The routine maintenance work has been affected by the work being done by maintenance personnel assisting with the clearing of blockages for the laying of the fibre optic cables for the digital upgrade. This work will soon be completed and outstanding routine work will then be attended to.

The crew are to be commended for the way in which emergency and urgent work is immediately addressed. At all times (even in the middle of the night) they respond quickly and cheerfully and proceed to efficiently resolve the problem.
The five year painting schedule of units will be completed by mid-2013 when we will then commence again. This year the maintenance team will be visiting all the units to maintain the geyser timers and check that they are still set to switch off the geysers during peak times.

Provision has been made for the purchase of a new bakkie to enable the maintenance teams to move around what is a very large Estate to provide a more efficient service. The ageing golf carts will be disposed of as the maintenance costs are too high.

A professional road survey of the Estate has been completed and the budget includes the costs of the recommendations made to ensure that the roads (once completed) are maintained correctly to avoid major costs in the years to come.

Residents are reminded once again that the quickest way to have any maintenance problem addressed is to log it with the call centre on 8017.

8. GARDENS

This is an area that has created concern, as the service levels were not being met at the beginning of the year. Estate as well as Servest personnel did much soul searching. Towards the end of 2011 a new approach was implemented which has improved the situation considerably, resulting in more compliments than complaints being received. Servest staff now work in concentrated teams allowing better supervision and monitoring of work performance.

The Trustees are also actively investigating whether there are alternative service providers able to offer a better service at an affordable price. The findings will be made known once reference checks and site inspections have been completed.

9. WATERWAYS AND IRRIGATION

This year has seen the investigation of how best to use the treated sewerage effluent available to us from the Fischer Road treatment plant. Many opinions have been considered from abandoning the irrigation system and using all the available water for the waterways, to using the water for irrigation purposes only or establishing a compromise.

There is no one short-term solution. The current trial is using 20-25% of the available water for irrigating the grass only and the high visibility areas and the balance for the waterways. The plantings in the garden beds will be focused on endemic indigenous plants that can survive the Hillcrest rainfall pattern. This so far is looking good.

In the longer term the prospects look much better. The Fisher Road plant is looking to include a number of new customers who will not be in a position to receive treated effluent. This will result in much more effluent being available and only Cotswold Down’s golf course and Le Domaine are equipped to receive this.

We have been requested not to abandon our irrigation system as this increase in treated effluent cannot be released into the local water course. Unfortunately the Developer took a unilateral decision to not install irrigation in the two new villages – Normandie Mews and Versailles.

The maintenance of dams and waterways is ongoing and the five year maintenance plan of the waterways is still on target.

A presentation will be given at the AGM regarding the options available to us.

10. COMPLIANCE

Compliance issues continue to occupy an excessive amount of time for both Trustees and Estate management. The majority of issues centre around problems with pets or more precisely their owners who have difficulty complying with the relevant Conduct Rules. Applications for additions to properties, e.g. patio enclosures, solar panels and air conditioners are on the increase. Residents are reminded that any changes contemplated to common property must be approved in writing before any changes are made.

It has proved necessary to remind residents time and again about speeding & parking violations, garbage disposal, abuse of maintenance staff and gardeners and generally ignoring Conduct Rules. These reminders would not be necessary if residents were more considerate.
We note that more families with children are moving onto the Estate and parents/minders are reminded that children must be supervised at all times outside the home and noise and disturbance should be kept to a minimum and the privacy of other residents respected as stipulated in the Conduct Rules.

11. COMMUNICATIONS

Good communication is the lifeblood of Le Domaine and the Communication Committee, in conjunction with the Estate Manager, has endeavoured during the year to provide information on a regular basis via emails, sms's, French Connection and our dedicated TV channel. Our website has been updated and thanks to volunteer residents as well as management staff, the long awaited Intranet will be released and available to residents before the AGM.

This will allow residents to have easy access to up-to-date contact details, rules, policies and other important Estate information. Residents will be required to register and in turn will receive a user name and password to be able access the Intranet.

We also introduced the Trustee Update this year which was aimed at improving communication to residents and we received very positive feedback regarding this initiative.

12. SECURITY

The importance of security at Le Domaine cannot be over emphasized and the Trustees are mindful of this. At the last AGM Enforce Security gave a presentation for the installation of new equipment and systems for Le Domaine. During 2011 their recommendations were implemented. Adjustments were made to some sections of the perimeter wall i.e. back of wall wire was installed at the Brittany palisade fence bordering Camp Orchard. The wire replaces the electronic beams which were deemed unsuitable due to vegetation growth in residents' gardens. The installation of booms at the Inanda entrance has significantly speeded up entry and exiting. Installation of cameras at all entrances allows management to keep stricter controls.

Anti-dig rods have been installed both along the steel palisade in the southern village bordering Acutts and the corner of the Brittany Inanda fence. Regular fence patrols and voltage readings are logged and all reports submitted to the Estate Manager.

During the past year there were two incidents of opportunistic theft of mainly electronic items from premises that were not secured whilst the residents were out of the Estate. Although the Body Corporate tries to maintain strict security measures within the Estate, one has to bear in mind that security lies with one's self and leaving windows without burglar guards and doors unlocked when leaving the premises is inviting trouble. It should also be noted that insurance companies may refuse to honour a claim if premises are not secured correctly.

13. MTN CELL PHONE PROJECT

MTN have been on site and surveyed the Estate to establish ways to improve the cell phone signal particularly in the southern villages where cell phone signal is poor or non-existent. MTN have confirmed that they have budgeted for the latter part of 2012 to put in receivers in the areas of the Estate where the signal is bad. These have been recently introduced, due to the resistance in South Africa to the larger cell phone towers. These receivers cannot be seen and require to be placed strategically for them to be effective. MTN are in the process of preparing a proposal and presentation to the Trustees for their consideration. The receivers will also improve call quality for all other service providers.

14. SPORTS CLUB

The Sports Club continues to prosper and it is gratifying to observe the strong spirit demonstrated by all concerned.

15. CLUB DE VIE

The Club continues to be a hive of activity and well supported. Thank you to those residents that consistently support the Club and all residents are urged to make use of this high quality facility.

The consensus of opinion seems to be that Bonne Chance provides good food at reasonable prices. The gym continues to be well patronized and various interest groups such as the Bridge Club, Arts and Crafts, Water Aerobics, Line Dancing and other initiatives continue to be well supported.
Management are looking at ways to improve the visibility for all guests when we have a show, as this remains a common complaint and management are determined to find a way to overcome the problem. However it must be noted that the Club design does not lend itself to many options or alternatives in this regard.

The indoor pool needs to be made secure as it the only pool that is not fenced off. Options are being investigated and have been budgeted for in the 2012 budget. However a final decision still has to be made as to which option should be implemented.

16. COUNCILLORS

The Village Councillors continue to provide a very valuable service to both Management and the Trustees in terms of provision of input, suggestions and information, and subsequent feedback to residents. Pat Ratcliffe again served as a very able Chairman.

Residents are encouraged to use their Councillor as a local point of contact for issues that you feel require attention.

17. TRUSTEES

It is of great importance that we receive as many Trustee nominations as possible before the AGM. The selection of Trustees for the forthcoming year is the most important function of the AGM and it is imperative that residents have a choice of candidates and can then elect the right people for the job.

Le Domaine has a turnover of some R22.5 million and requires a wide range of expertise to ensure the smooth running of what is essentially a small to medium size company. Thought should also be given to ensuring that some Trustees are re-elected in order to ensure continuity from year to year which is very important.

You are therefore encouraged to nominate suitable candidates and ideally we should have at least twice as many candidates as Trustee positions available.

18. THANKS

There are a number of unsung heroes amongst our residents (too many to mention) who give unstintingly of their time to assist BCLD staff and Trustees in a number of areas and I offer grateful thanks to them all – we are fortunate indeed to have such a spirit at Le Domaine.

Additionally, I would like to thank my fellow Trustees, Councillors and the committed staff of the Body Corporate for their untiring efforts. We are indeed fortunate to have Frances and her team, who will always go the extra mile and for whom nothing is too much trouble.

19. THE FUTURE

I have not at the time of writing been able to come to a decision regarding my availability to stand for election again. Should I not stand, I will make myself available to the incoming Trustees to complete the final contract and service level agreement negotiations with Smart Village and any other assistance that they may require.

All of your currently elected Trustees have offered themselves up for re-election, which again demonstrates the tremendous spirit that pervades Le Domaine and really does make it “THE PLACE TO BE”. This will also assist greatly with continuity and will ensure that important current initiatives are carried forward without delay.

On balance it has been a highly successful year and I am satisfied that we accomplished what we set out to do – to serve the owners of Le Domaine and protect our interests and investment in all possible ways.

Kind regards

ANDY HAYWARD
Chairman