

RIVERHORSE VALLEY BUSINESS ESTATE MANAGEMENT ASSOCIATION



RIVERHORSE VALLEY BUSINESS ESTATE MANAGEMENT ASSOCIATION (RHBVEMA)
ANNUAL GENERAL MEETING – 4th OCTOBER 2017

CHAIRMAN'S REPORT
2017

INTRODUCTION

Good afternoon and thank you all for attending this, your Management Association's 13th Annual General Meeting. Thank you too for our Precinct Manager, Bruce Macaulay, for his preparation of this comprehensive report which covers the financial year ended 28 February 2017.

This is my last meeting as I will be retiring from J T Ross at the end of this month

Stuart Edwards and Company served as auditors for this period and prepared the audited financial statements. These will be reviewed under Item 6 of the Agenda.

The core function of the management association is to create, enhance and protect the value of member's property in the Riverhorse Valley Business Estate. This function was previously achieved by a precinct management team under direction by the Board of Directors. During this financial year this role was, after the issue of and RFP to selected companies in the field and due consideration by the Board of the two that responded, outsourced to Urban Management. This company also manages various other precincts in the north of Durban such as Bridge City, Cornubia Industrial and Business Estate and the Umhlanga UIP. The two staff that were employed by the Association were absorbed by Urban Management. Urban Management carries out the day to day administration of the precinct, including the facilitating and recording the minutes of all committee and director's meetings, and the enforcement of the precinct's rules and codes. Further to this, Urban Management regulates and monitors all of our contracted service providers in respect of safeguarding, landscape maintenance, general maintenance, and environmental management. It also lobbies authorities on behalf of all the owners, businesses, and users of Riverhorse Valley for amongst other things, improvements to access, policing, and city provided services.

DIRECTORS

Directors' meetings are held four times each financial year. During this period, your board comprised the following members:

Name	Date of Appointment	Company / Property	Subcommittees
Rob Thomson	14 February 2007	Zenprop	Finance Committee
Simphiwe Maphumulo	01 July 2008	Garlicke&Bousfield	
Niresh Bechan	28 February 2009	eThekwini Hospital	Chairman
Mark Bray	23 June 2011	JT Ross	Finance Committee
Graham Hutchinson		Investec Property	

The Memorandum of Incorporation allows for a total of ten directors, and I would encourage members to get to know the board directors who represent your interests in the running of the association. The current board has been a committed and diligent group in the execution of their fiduciary duties and I would like to thank my fellow directors for their time and efforts during this past year.

Adding to our existing board membership, we welcome Nitesh Patel (ably represented through the year by Meena Govender) from Standard Bank to the board of directors, representing Ptn 122, Riverhorse Road; we trust his tenure on the board will be a fulfilling one, and we thank him and Meena in advance for their time and commitment to the management association.

I would like to request that any members who are interested in the management association and its workings, and who feel that they could contribute to the precinct; that they give serious consideration to joining our board of directors.

SUB COMMITTEES

Four subcommittees deal with specific aspects of the Association's activities, namely:

Finance:	Rob Thomson, Estate Management, Cheryl Gouws (CMG Financial Services), Urban Management
Safeguarding:	Estate Management, Rob Anderson (Adamastor Consulting), Urban Management
Environmental Management:	Estate Management, Di Hansen, Urban Management
Design Review / Consent to Transfer:	Keith Pearson, Hilton Lawrence, Estate Management

FEEDBACK ON THE FINANCIAL STATUS OF THE PRECINCT

The growth of the Business Estate can be measured by the total Platform areas of all the sites, which area is used as the basis for levy calculations. The Total levy paying area has grown since development commenced in the estate on:

01/08/2006 – from 584,644 m²@ a starting levy of R 0.20 / m² = R 116 928.80 excl VAT per month

To the current status, as at the culmination of the previous financial year, on:

28/02/2017 - 1,225,820 m²@ R 0.48 / m² (the unchanged rate since 2014) = Total Income of R 588 394 excl VAT per month

Despite the precinct's levies and finances having been healthy; with annual increases for contractors and service providers and all pricing in general, the finance committee and board of directors established towards the end of 2016 that the precinct was just ahead of breaking even with its monthly commitments and expenses, and that the situation would inevitably change to one of being below break-even during the course of 2017. As such, best practise dictated that a levy increase would be required for the coming 2017/ 2018 financial year to keep the finances healthy and to maintain regular savings. The board as expected took the necessary time and deliberation in interrogating various increase scenarios and concluded that the increase to come into effect as of 1 March 2017 would be:

1/03/2017 1,225,820 m² @ R 0.51 / m² = R 625 168 excl VAT per month (being a 6.25% increase on 2016/14)

The Association may also benefit from an increase in the levy collection due to the inclusion of a property which was previously on the boundary of the estate, into Ptn 83 Riverhorse Road / 5 Imvubu Park Place. As per the resolution sent in January 2017 which was approved by circulation to all members. The description of that property and levy contribution will be as follows:

Rem of Erf 10 Duiker Fontein / 309 Rosary Road 22 000 m² = R 11 220 excl VAT per month

The inclusion is subject to approval of the rezoning of the property.

The Association's levy receipts and finances are, in general, very sound which we contribute to the on-going commitment of our members in paying their levies timeously, and thereby buying into Riverhorse Valley's premier Business estate ethos and quality standard, as well the conservative, but savvy investment of our savings by our board of directors.

This prudent investment regime and the interest income the savings, has seen the association achieve excellent reserves in capital. As such the board requested that a long term CAPEX schedule be put in place to identify potential projects that will benefit the precinct and towards which these reserves can be directed. The CAPEX projects approved for the 2017/ 2018 will be identified later in the report.

PROGRESS REPORT ON THE PRECINCT

Safeguarding

At present the Precinct has a complement of 10 mast-mounted CCTV cameras, and 13 cameras in total. The cameras are monitored 24 hours / 7 days a week by G4S control room staff, and are supported by their reaction officers in the precinct's dedicated response vehicle. The control room hotline number is 031 569 3125, and is available 24/7 for the reporting of security and any other matters by members, tenants, and members of the public. Emergency/ Control Room business cards, and more recently stickers for phone handsets, are continually being distributed to all members and tenants for easy access to this important number.

It is anticipated that at least one more mast mounted CCTV camera will be required in the near future as camera coverage has become obscured due to construction which has over the years cut off previously existing fields of view, creating blind spots. Development on the Precinct is almost complete in terms of building, and a final audit of CCTV coverage will be undertaken to determine any remaining blind spots on the estate and the requirements to address them.

This requirement, as well as the upgrade of all CCTV and control room equipment has been included in the management associations capital expenditure forecast which commenced in the 2017/ 2018 financial year extending through to the 2019/ 2020 financial year. The board of directors at the board meeting held in September 2017 approved, as part of the abovementioned forecast, the allocation of CAPEX to upgrade 9 of the 13 CCTV cameras. This expenditure was seen as vital as, although the existing CCTV cameras are operating well, they are also approaching 10 years of operation. However, due to high standards of maintenance and upkeep exercised their irreplaceable life has been extended well beyond the 5 – 7 year expectation of this type of equipment. The directors were thus of the opinion that the entire system, the precinct and its members would benefit from the upgrades.

The Management Association's endeavours continue to improve service delivery and security from surrounding SAPS and Metro Police stations by regularly attending both community and business policing forums. Where service has been lacking the Management Association has sought to liaise directly with the management structures of the stations concerned in an effort to achieve the desired standards through continuous cooperation and mutual respect.

Environmental Management

Landscaping on the precinct is conceivably, next to security, the most visible, and thus important, daily function on the estate. The aesthetic appearance of the public spaces also enhance members property values. This, combined with our members commitment to the landscaping of their own properties, is what elevates our precinct image above that of other unmanaged precincts. Apart from on-going daily landscape maintenance, there are also irrigation, alien invasive control and public open space maintenance components that add further value to our precinct's environmental quality and aesthetic

The Estate is also constantly facing the added challenges of reinstating damaged verges caused by vehicles parking on them, trenching works, and construction. Estate management continually works to address these challenges as well as improve the already high standards by identifying new areas where additional landscaping and landscaped features will add further value. We thank our contractors for their hard work and high standards of service. These contractors are:

Servest – Landscaping

Oricol – Street Cleaning and Recycling

GI Services incorporating S. Thutani Services – Alien Invasive Species Control and Public Open Space Maintenance

Finally under environment, the second CAPEX project to receive the aforementioned approval by the board at September's board meeting, was the upgrade of the irrigation system in Riverhorse Road. Irrigation already runs throughout the entire estate, however only 2 roads have automated sprinklers at present, those being Corobrik Road, and Kubu Avenue.

Corobrik Road is considered the flagship road within the precinct at the moment, and its status has been achieved largely by the automated sprinklers, the effect of which is undeniable. As Corobrik Road is situated on the eastern side of the precinct, Riverhorse Road on the western side of the estate was identified by the directors as another flagship area to be developed, and as such would benefit from the upgrade to automated sprinklers.

Projects

Wetland rehabilitation – All phases of the project, which saw the levelling of the ridge and furrow, the creation of berms and dams as well as the nursery and harvesting of riparian species, have all been concluded. All that remains of the project is the building of a weir and the diversion of the stream to that weir, all of which are City projects which do not affect the association's Service Level Agreement with the City.

As such RHBEMA's involvement in the project is complete.

Design Review Committee

The Design Review Committee continues its duties to maintain development design, signage and landscaping standards on the precinct. Although the Estate is essentially fully developed, some development and expansion activity continues and the ongoing role of the Association in maintaining the aesthetic standards established through the development period as guided by the Development Code, is a crucial one. The issues of signage and landscaping remain a concern and ongoing inspections are conducted on both items in an effort to bring those contravening these issues back in line with the guidelines set by the Development Code.

A comprehensive audit is also in the final stages of being concluded to deal with, not only signage and landscaping issues, but to revisit any design review matters that may have been overlooked since reviewing Final Development Approvals for completed properties, as well matters that may have arisen in recent property developments or upgrades by members.

Members will, in due course, be contacted by the Design Review Committee to assist in finalising these matters.

Informal Traders

In 2016 RHVBEMA received confirmation from the City's Economic Development Department that allocation of budget had been secured for the fabrication of new test trading unit typologies. These units, which will be fabricated from converted shipping containers, are to be piloted in the precinct to determine suitability for use in all eThekweni areas, as well as to pilot the management and enforcement policies included in my report from 2016.

RHVBEMA is awaiting confirmation from eThekweni's Economic Development Department for the provision of 3 x 6m trading containers at 3 trading sites within the estate as part of Phase 1 of testing these new trading typologies.

General

Illegal Parking

This has been an ongoing issue which causes major problems within the precinct, and one on which precinct management receives daily complaints on from members. Illegally parked trucks and vehicles cause obstruction, nuisance and endangerment by forcing motorists to drive contra-flow.

Precinct management's only recourse to the illegal parking infringements until now has been to report the incidents to Metro Police as By-law infringements. Metro however, very rarely attend. However, as reported in 2016, the board reached a decision to emphatically provide a solution to this issue on behalf of affected members, and members of the public.

The RHVBEMA Memorandum of Incorporation (MOI) entitles the Board to make rules which include, among others, rules pertaining to the use of roads, pathways and open spaces, and, the administration and control of common areas and public spaces. Using these mandates, the board of directors approved an amendment to the rules of the Association which states that illegal parking within the precinct by members, their tenants, agents, service providers or employees is an offence and that breach of this ruling will see the member or body corporate, in some instances, liable for the fines of non-compliance already contained within the rules of the association.

This ruling is now enforceable by written notice of warning to any offending members, following which, the aforementioned fines for non-compliance will be levied against such members should they, their tenants, agents, service providers and employees fail to adhere to the rule.

Auditors

This year's audit was very ably and cost effectively carried out by Stuart Edwards & Co. and your directors recommend their re-appointment.

Thank You

As mentioned at the beginning of this report, this is the last Association meeting that I will be attending and I would like to extend my personal thanks to the Association's very competent and Contractors and their willing management and staff for continuing to ensure that the Association grows in strength, and, again, to my fellow board members for their guidance and commitment during the past year. Serving as a director and Chairman of this board for the last number of years has truly been a privilege and pleasant experience, largely due to the calibre and commitment of all the people involved in managing this happy Association. In closing, I would like again to extend an invitation to any members, who feel that they would like to make a contribution to the running of the precinct and the association, to consider standing as a director.

Should you wish to ask anything reported on by myself here, or in general about the estate, I would invite you to raise these matters later in the Agenda under General, where I, or my very competent management team, would be happy to respond.

Mark Bray - Chairman