

**Agenda item 6**

**THE DIRECTOR'S REPORT CONCERNING THE AFFAIRS OF THE COMPANY – 2023/2024**

**Introduction**

This is my first Annual General Meeting where I report to Members on behalf of The Board of Directors (“BOD”) on the affairs and activities of the Association. This report covers the financial results for the year ending 29 February 2024 and include feedback on the activities conducted since the previous Annual General Meeting (AGM), which was held on 30 August 2023 as well as the approved budget for the 2024/25 financial year.

The past year we had to deal with the resignation of our Estate Manager, Leon Baasden, who performed these duties for many years. A new Estate Manager, Vernon Ungerer, has taken up this important role and he is learning with great eagerness the “workings of the Village” and his role and responsibilities. This process will take time and will have its “teething problems”.

Due to excessive summer rains, we experienced the collapse of a section of our boundary wall behind Corne and Gail’s Villa causing significant damage and considerable inconvenience over several months to the residents of Villas 3 and 4. The damaged wall was successfully reconstructed as a designed retaining wall.

The Village is almost 30 years old and many renovations and improvements are the order of the day. Creating noise, dust, increased traffic and high levels of inconvenience for residents and stress on our infrastructure. However, the “renewal” of the Village is beneficial for the image of the Village, the owners and can result in the increase of the value of all properties.

In the aftermath of the serious security incident in July 2023 most of the approved additional security measures and systems have been implemented successfully and funded from our Reserve Funds.

***It is important to note that the Board views the security and safety of the Village and all its residents as its top priority.***

## **Composition of The Board**

Since the 2023 Annual General Meeting the BOD comprised of Willie Miller (Aesthetics), Petru van Zyl (Gardens, Communication and Social), Edrich Jansen (Infrastructure and Maintenance), Stephan Barac (Finances), Johan Willemse (Legal and Governance), Genevieve Marks (Security – co-opted) and Willem Krige (Chairperson and Security). The 2024 AGM will be the third AGM following the election of Willie Miller, Edrich Jansen and Willem Krige and as per the MOI Willem Krige and Willie Miller will retire. Both Willie and Willem are available for re-election. Petru van Zyl and Genevieve Marks are not available to serve as Directors.

The Board did call for nominations in a notification sent to Members on 26 July 2024, inviting nominations for the three (3) vacant positions.

## **Governance in general**

Five Board meetings were held since the 2023 AGM, which were well attended and fully documented. This excludes various ad hoc meetings, informal discussions, committee-related interactions as well as issues raised by Members, between Board meetings.

To fulfil their fiduciary duties, the Directors continued to adhere to the different sets of formal Rules governing the Association that were duly and unanimously approved by all Members.

The Estate Manager is in control of the day-to-day operations and management of the estate, and he liaises regularly with the Directors, ensuring that relevant matters are dealt with timeously. I again want to urge Members to utilise the Estate Manager as the single point of contact (SPOC). This includes tenants and contractors.

## **Financial Results for the year ended 29 February 2024**

The results for the financial year ended 29 February 2024 show a surplus from normal operations after taxation of R163 531. We have incurred extraordinary (non-budgeted) expenses relating to additional security measures as well as the paving at the main gate amounting to R716 349 which were partially set off by capital levies (1% levies on sales) received, amounting to R499 197. This resulted in an overall net shortage of R53 621 for the year ended 29 February 2024.

We also incurred an extraordinary expense for the rent payable to the City of Tshwane for the rental of certain erven, which was not paid regularly since 2017. The effect of this “catch up” payment amounting to R327 709 was accounted for in the current year, an adjustment amounting to R66 055, to the prior year’s financial results and the balance, amounting to R254 981, adjusted in the opening balance for Reserves as on 1 March 2022.

The position of our Reserves is summarised below:

	Operational reserves	Capital reserves	Total Non-distributable reserves R
<b>BALANCE AT 28 FEBRUARY 2022</b>	<b>1 660 233</b>	<b>568 198</b>	<b>2 228 431</b>
<b>PRIOR PERIOD ERROR</b>	(254 981)	-	(254 981)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> - SURPLUS FOR THE YEAR	300 730	(814 060)	(513 330)
<b>TRANSFER OF RESERVES</b>	(245 862)	245 862	-
<b>BALANCE AT 28 FEBRUARY 2023</b>	<b>1 460 120</b>	<b>-</b>	<b>1 460 120</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> - (DEFICIT) / SURPLUS FOR THE YEAR	163 531	(217 152)	(53 621)
<b>TRANSFER OF RESERVES</b>	(217 152)	217 152	-
<b>BALANCE AT 29 FEBRUARY 2024</b>	<b>1 406 499</b>	<b>-</b>	<b>1 406 499</b>

It is evident from the table above that our Reserve Fund has decreased by R821 932 since 28 February 2022.

No major assets were acquired during the year except for the replacement of the back-up generator.

Current Assets on 29 February 2024 comprised:

- Our bank and investment balances - R 1 825 907
- Accounts receivable and pre-paid expenses – R79 488
- Levies in arrears – R42 276

Current Liabilities on 29 February 2024 comprised:

- Accruals - R59 504
- CSOS – R129 360
- Levies in advance – R340 204

### **Budget for the year ending 28 February 2025**

The budget for the 2024/25 year was based on a combination of existing and

known contractual agreements, reasonable estimates of expenses based on prior year trends, planned projects and some contingency for general expenses. This resulted in a 7% increase in homeowners' levies with effect from 1 March 2024.

The BOD also resolved to restore the Reserve Fund to R2 million and therefore introduced a special levy of R300 per member per month for a 3-year period to replenish the Reserve Fund. The Reserve Fund will also be replenished by any other building and Capital levies received from building activities and the sale of villas (1% levies on sales) respectively. As previously communicated by the BOD, the amount of R300 will be reassessed at each budget cycle depending on the balance of the Reserve Fund at that stage.

### **Maintenance and Infrastructure**

The past year has been eventful for the Infrastructure & Maintenance portfolio, involving various planned and unplanned projects.

**Flood Damage and Repair:** A 1-in-20-year flood caused the collapse of a boundary wall section adjacent to Villa 4. Despite the disruption, inconvenience, and security vulnerabilities, it is fortunate that no injuries occurred. In collaboration with an engineer, we constructed a retaining wall with weeping holes to reroute the natural flow of water in future floods. We successfully claimed the full repair amount from our insurance, despite the initial rejection of the claim.

**Paving Project:** In February, a paving project near the Village entrance was completed as part of a municipal compliance requirement. This project aims to prevent water from flooding the Village during heavy rains. The Tshwane Water & Sanitation Department issued the necessary compliance certificate, an essential step in the ongoing process of transferring Waterkloof Ridge Remainder of Erf 738 to the Waterkloof Village HOA.

**Guardhouse Fire:** In May, an electrical burn caused a fire in the guardhouse roof. Fortunately, we were well-prepared with fire extinguishers, which allowed us to contain the fire and limit the damage. All repairs have been completed and covered by insurance.

**Water Monitoring and Maintenance:** We have implemented an ongoing maintenance approach that includes daily monitoring of water flow by an independent third party to detect and address leaks. A review of the HOA's monthly water usage over the past seven years (period between 2018 to present) revealed a shortfall between bulk and individual water meter readings, suggesting the Village may be subsidizing individual members' water usage. The majority of the individual water meters are over 15 years old and need to be replaced by their respective owners. The Board will attempt to negotiate preferential rates for new water meters based on bulk implementation.

**Pest control:** There are 43 rodent bait stations strategically positioned within the Village communal areas & gardens, which are being replenished on a quarterly

basis.

## **Security**

One of the main reasons why we are all invested in *The Village* is the security systems, measures and protocols. Over the past year we fortunately had no security breaches, and the extraordinary measures we have taken and systems implemented contributed to a safer environment.

Certain key existing security cameras have been replaced, free of charge by the contractor, by 13 thermal security cameras which are all functioning very well. This obviated the installation of the planned ClearVU fence along a part of the dam. We planned to install solar powered security street lights along the dam perimeter, however we replaced the existing footpath lights with LED spotlights providing sufficient light at night for security purposes. Additional security spotlights and security cameras were installed at the main gate providing improved visibility and observation capabilities.

We had to upgrade the control systems of the old security beams due to ad hoc false alarms. The new standby generator has been installed and is fully functional, providing backup power to the vast majority of our security systems.

It is important to note that nobody can guarantee a 100% foolproof security system and Members need to be diligent and attentive. It is strongly recommended that Members take precautionary measures to secure their Villas and regularly test their panic buttons which are linked to the Fidelity Security Services' (FSS) control room, for dispatchment of armed reaction or ER24.

***All deviations from security controls, measures, processes, and rules are dealt with firmly and in a formal manner by applying the approved house rules – no exceptions. This is in line with the policy of the BOD of zero tolerance for security infringement/transgressions.***

## **Traffic**

With the increase in building activities and alterations taking place in the Village as well as a rise in delivery services, a significant increase in traffic violations is the order of the day. Typically, we experience no adherence to **STOP** signs, "speeding", obstruction of the flow of traffic, illegal parking and spilling of vehicle oil on our roads, damage to the common roads etc.

Members are requested to ensure that their visitors, service providers, contractors, delivery services etc. are always adhering to all the approved traffic and security rules.

## **Aesthetics**

During the previous year the focus of the Aesthetic committee was solar installations. This year the Aesthetic committee was kept busy with major renovations of and upgrades to existing properties by their new owners. These

projects are complex to manage because it is not possible to predict the state of the existing property until the renovations have started. Timelines are therefore complex to predict and the approval process of the Aesthetic committee is not once-off, but rather a continuous involvement in the projects. These projects are therefore also frustrating to neighbours and other members, but these property upgrades are in the long term in the best interest for our Village. In summary, our Village are renewing without losing its “*French Provençal*” nature and look.

The Rules and Guidelines for Home Maintenance, Redevelopment and Landscaping had to be improved and amended to mainly improve and facilitate the approval processes for internal and external renovations.

## **Gardens**

We are privileged to live in Waterkloof Village, where our gardens follow specific guidelines to resemble a *French Provençal* village street space. Over the years, our gardens have become a key attraction for those choosing to live in Waterkloof Village.

This past year, we have encountered challenges with the maintenance and upkeep of our gardens. Following the transition in estate management, we said farewell to Leon, who brought years of experience, and welcomed Vernon, employed by RealGreen, as our new Estate Manager.

Vernon has demonstrated his dedication to upholding our gardens' high standards. To support Vernon and improve the gardens RealGreen has committed to a formal action plan and to having their garden experts visit our village every second week to provide guidance, training, and monitor progress. We expect significant improvements in the quality and appearance of our gardens within the next months.

We are optimistic about the future, with the combined efforts of Vernon and RealGreen and we are confident that our gardens will be as beautiful as ever.

We want to extend a heartfelt thank you to all the members who provide feedback, whether it is positive or negative your input is always valuable and plays an important role in helping us identify areas where we can improve.

## **Social activities**

We believe that social events are important for a strong sense of community in Waterkloof Village. These gatherings allow us to get to know one another, enjoy each other's company, and welcome new residents into our village.

We are pleased to report that we have had several successful social activities over the past year. While not everyone can always attend, we want to extend a big thank you to everyone who attended our events. Your presence makes these gatherings special and helps strengthen our bonds as neighbours.

Traditionally, we have three major events each year:

- **Spring Day** in September

- **Christmas Carols** in November
- **Valentine's Day** in February

### **Portion 738, Waterkloof Ridge**

Portion 738 [the 1.1-hectare entrance from Sidney Street] was bought from the City Council in 2003. The sales agreement required us to meet certain conditions, such as obtaining consent from the Department of the Environment and rezoning the property from public open space to special access. We complied with these conditions and are now ready to finalize the transfer of the property and are currently in the process of doing so.

### **Waterkloof Village Sectional Title Scheme**

The Village owns unit 2 and 3 in the Scheme. Unit 1 is the only residential unit in the Scheme, as defined in the MOI, as a member of the Village and is paying levies.

### **Pretoria Country Club Lease**

We are currently negotiating a 6-year lease commencing from the 1st of August 2024, including a continuation of the PCC social membership-arrangement.

### **Members**

A warm welcome to all new owners in *The Village*. I am sure that you will soon appreciate how privileged we are to live in this wonderful "little paradise". We look forward to meeting you at our various social functions where you will experience the "*Village Spirit*".

### **Interaction with the Board**

The Board is always open to criticism, advice and recommendations that could lead to the improvement of the Village experience.

Members are welcome to use the opportunity afforded to them annually at the AGM, to submit any motions to the Board. Motions need to be properly motivated, quantified and documented to avoid unnecessary time-consuming deliberations. Members are requested to submit written questions and concerns up to 48 hours prior to the commencement of the AGM, for discussion under the agenda item "Other Business". As agreed at the 2020 AGM each Member will be limited to two questions or recommendations.

### **Conclusion**

I want to thank everyone that constantly contributes positively to the pleasant and wonderful experience of living in the Village.

We as directors volunteered to serve on the Board and serve the HOA as a whole and it can sometimes be an ungrateful job.

In executing our functions and responsibilities we as the Board or individual Director perform these duties in the best interest of the HOA. We are not working for an individual Member. Our actions and decisions are sometimes questioned, criticized, objected to, we are threatened with legal action, we are abused, our integrity is questioned etc.

We can make mistakes, and our decisions are not always well accepted.

As a Board I believe we have done a good job and I want to thank each and every Director for their dedication, commitment, dedication, and time sacrificed.

Thanks to all staff members, service providers and the Estate Manager. It is much appreciated.