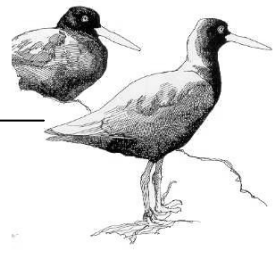


SFB Riparian HOA

P.O. Box 724, St. Francis Bay, 6312



**ST FRANCIS BAY RIPARIAN HOMEOWNERS ASSOCIATION
ANNUAL GENERAL MEETING
19 DECEMBER 2011**

1 Committee Members Present

The Chairman welcomed all members to the Annual General Meeting and declared there to be a quorum.

2 Attendance Register

52 Members present with 25 Proxies registered.

Directors Present:

B Morsink (BM) Chairman
R Foulds (RF)
T Butler (TB)
J Robson (JR)
B Buckham (BB)
M Lahana (ML)
J Green (JG)

3 Apologies

Jeff Stevens

4 Confirmation of Previous Minutes

Mr M Simms proposed and Mr Picton Turberville seconded.

5 Matters Arising from Previous Minutes

None

6 Chairman's Report

The year of 2011 is a year to be remembered with all that has happened. First of all we voted in a new Chairman, Daniel Nell, who only stayed in office for three months and then had to re-locate back to Gauteng due to business reasons. The Riparian Committee approached me to take over the position as Chairman which once again I accepted.

The progress for the year is as follows:

Peter Grobbelaar has done a very good job in attending to the repair of canal walls and jetties and maintaining them throughout the year.

We also took on the Dune Spit which was Daniel and Colin's Project. We have had a number of meetings with Dr Werner Illenberger and Frank Silberbauer and who assisted in the application to DEDEAT for the approval to install rock revetments on the Dune Spit.

We have in the meantime called for Tenders for the Project which is to cost approximately R4,5m. We only have available R500 000 in our account.

We have decided to impose a once off levy on all Canal Home Owners in order to support the Dune Spit with revetments. We are also required by DEDEAT to establish a retaining pole wall along the length of Ski Canal to protect the Dune Spit on the landward side. These issues can be debated at the AGM following which we will put forward a Resolution to members for approval.

We are nearing the completion of our new dredger. We will be starting dredging at the cove. We are also going to buy a smaller dredger to cover the smaller areas such as around the private beaches. There will be a ruling that all beaches will have to have poles at the low water mark so the sand does not spill into the canal.

I would like to thank all my committee members, Marge and Jacky, for making my life as Chairman a lot easier. Last but not least I would like to thank Helen for all her support and her help with the computer work this past year.

I would like to take this opportunity in wishing all the Riparian Home Owners a Very Happy Christmas and Prosperous New Year.

The committee has put in a huge amount of work this year, especially with the spit, which T Butler will report on.

7 Appointment of Directors

According to the Memorandum of Associates and Articles there can be a maximum of 9 directors and a minimum of three. The following Directors offer themselves for reelection in 2012 and were subsequently re-elected:

Mr Bennie Morsink:

Mr John Robson:

Mr Brian Buckham

Mr Richard Foulds

Mr Jeff Stevens

Mr Tony Butler

Mr Pickton Turberville offered his services later in the year when he came to live in SFB permanently.

All past members offered services and were re-elected.

8 Treasurer's Report

The first part of my report will deal with the AFS for the year ended 30 June 2011.

These AFS have been audited and signed off by the directors. A copy of the AFS is posted on our website for anyone who is interested in reading the full detail of these accounts.

I will, however, only deal with the salient points which I believe to be of importance to the Riparian Home Owners.

Balance Sheet

Our balance sheet, although small, is very healthy and the equity in the company now stands at R1, 082,539, which is in effect the net value of the company.

The only assets of any significance are Debtors and Cash totalling R1, 672 mil. And the only liability of any significance is the amount owed to Home Owners of R539, 000 – this being the loans made by some Home Owners to the Association to fund the cost of revetments on the spit. These amounts will be offset against any future special levy which we hope to raise in order to pay the revetments on the spit.

Income Statement

Net Income for the year to 30 June 2011 was R249, 155.

A summary of the these results are as follows:

	R'100
Revenue	920
Interest Received	56
Total Income	976
Expenses	727
Net Income	249

There are two expense items which had a material effect on the Net Income.

Firstly, we spent an amount of R113, 044 on Consulting Fees. The majority of these fees were paid to consultants in order for us to obtain EIA approval for the revetments and this was not a normal operating expense.

Secondly, the amount spent on canal repairs and maintenance and general repairs and maintenance was R264, 435 compared to R475, 661 in the previous year. This substantial reduction was largely due to the fact that no dredging was undertaken during this financial year.

It is important to be aware that were it not for these changes in our normal running expenses then it would be a reasonable assumption to say that the Association would have achieved a break even situation in its Income Statement.

For the future the important change to our financial position is that we have now completed the construction of our new dredger and although the final cost is not yet to hand I can tell you that the cost will not exceed R400, 000 which is considerably less than the quotes we had to purchase a dredger from outside contractors.

In addition we will be purchasing a mini-dredger at a cost of R55, 000 and this will be used for the small dredging jobs where it is time consuming and uneconomical for the large dredger to be used.

As there is a backlog of dredging to be attended to there will be a considerable increase in our costs for the current year but in the long term dredging in the canals is a necessity and there is no doubt that having our own dredger will be a lot cheaper than having to use outside contractors to perform this function.

I would advise Home Owners that although in the last two years the Association has made a total profit of R543, 000 it is not the intention of the Association to accumulate profits and going forward our Income will be more fully utilized to manage and maintain the canals.

Dredging is the single biggest cost in maintaining the canals and we are confident that we have used our prior profits wisely with the construction of our own dredger and that in the future we will see a positive result in the condition of the canals.

With regards to the proposed new revetments for the spit and the financial implications thereof, this is a separate issue and is being addressed under its own heading in this meeting.

We continue to liaise closely with the Kouga Municipality to facilitate timeous payment of our Riparian Levy and we anticipate that all outstanding amounts will be paid to the Association by the end of December 2011

9 Dredging

Construction of New Dredger:

- Undertaken after unsatisfactory use of 3rd Party dredging contractors in 2010
- More cost effective to build our own dredger suited to our own unique conditions.
 - Designed for continuous use in salt water
 - Reduce maintenance costs by using galvanised components.
 - Use of Plastic floatation tanks

- Small and lightweight for manoeuvrability
- Use of refurbished components.
- Total Cost less than R400k

Construction of Small Dredger

- To be used to clear sand around jetties and inaccessible areas.
- Estimated cost: R50k
- Still to be built

Dredging

- Managed by Mr Greg Miller who constructed the Dredger.
- Mr Miller will be employed by the Association with no mark up on the actual direct costs of dredging.
- Estimated cost of dredging R17/m3. 3rd Party Contractors cost in 2010 R25/m3
- Comprehensive dredging program to begin in 2011 under the authority of the Committee

10 Environmental Legislation

- In March 2011, the St Francis Bay Riparian Owners Association sought legal intervention regarding the interpretation of certain sections contained in the National Environmental Management Act 1998.
- The Committee was successful in challenging certain clauses in the Environmental Act requiring ALL canal Home owners to apply for an EIA for any buildings in excess of 50m2.
 - The Court ruled that:
 - The Canals do not constitute a Water Course or an estuary
 - The Canals do not form part of the Coastal Public Property
- This did not apply to those canal properties falling within 100m of the Shoreline and 50m from the River which require an EIA.
- EIA saving of R35k per dwelling. Cost to SFBRHOA R50k.

11 The Dune Spit

- Tony Butler provided a comprehensive presentation and explanation on the requirements for Rock Revetments along the base of the Dune Spit. He also explained the long process that had been followed to obtain the approval from DEDEAT and the urgent need to safeguard the canals and Riparian homes.
- Also provided was a detailed Resolution that was required to be approved by the members in order for the Committee to initiate the process.

The proposed Resolution was presented as follows:

1. The Directors proceed with the establishment of Revetments along the prescribed length of the exposed Dune Spit.
 2. The Directors proceed with the repair of revetments aligned with the canal system.
 3. The Directors proceed with the establishment of Canal Walling along the length of Ski Canal.
 4. The Directors proceed with the establishment of a service road along the full length of the spit to also serve as a Board Walk.
 5. All the above to proceed in conformity with the approval given by DEDEAT.
- Prior to calling for a vote an open discussion was held with various members requesting additional background information on the proposed Resolution and the Revetments.
 - Dr KoosVermaak raised an objection to the revetments and provided information to support his point of view.
 - After extensive debate the Chairman then called for a vote via a show of hands for the Resolution to be approved.
 - The result was a unanimous vote in favour of adopting the resolution with only 3 votes recorded against the motion.

There being no further business the meeting was closed at 5:35 pm.