

Management Committee – FY 2020/21 Annual Report

At the last AGM you may remember a 5 person Management Committee was elected: Chairman – Ron Oldfield; Vice Chairman & Treasurer – Vishnu Kapoor; Secretary – David Morphey; Maintenance – Danny Fernandez; Membership Liaison – Vera Umrigar. Shortly after returning to the UK, Danny resigned for personal reasons and was replaced by Nick Arnold. During the summer Vera resigned and as yet a replacement has not been found. Hopefully someone will volunteer at the AGM.

Because of Covid travel restrictions, most of the MC members have been absent from site since shortly after the election. However we have held regular (at least monthly) meetings via Zoom since April and we feel we have been able to satisfactorily manage the affairs of Palms 2 in our absence.

Fortunately for all of us, Vishnu has remained on site for most of the time since April and been our eyes, ears and communicator with GEMS, Riviera, our Bank, the staff and the various contractors who have done work for us. His presence & hard work have been so beneficial.

Staff

For many weeks staff were not allowed on site because of Covid restrictions but nonetheless we kept them on full wages. Part way through that period our gardener resigned to return to his village.

Via our regular Zoom meetings we analysed the staffing requirements of Palms 2, the personnel we employ and their respective roles and functions. For the first time Kaptan, Alpana & the replacement gardener/painter Shankar, were given written job descriptions to fully utilise each person, introduce much more flexible working to undertake many tasks that previously had gone to outside contract and generally meet the collective needs of the complex. Kaptan has been promoted to site supervisor with new responsibilities to match his ability and demonstrate we value his important contribution to the complex. A pay rise of 10% plus a small bonus was given to all staff in part as an overdue annual award but also again to show we value their efforts. Under the new system the complex was well maintained in the two months we were without a gardener.

Our feedback indicates the team are happy with their new roles and rewards.

We have also reduced the night security from two guards to one which yields a considerable reduction in the costs of providing security but, we feel, without significantly reducing the level of security at the site.

Website

Another early development came in the form of a Palms 2 website which has been available for several months now. The website was developed by David Morphey who applied his many talents by creating the website himself, saving us having to pay for an IT professional to build it. So all we have had to pay is the fee for our domain name (www.rivierapalms2.com) and the annual cost of the hosting agent.

The aim of the website is to provide an easily accessible, 24/7 source of information for, and means of communicating with, members of the Association with a secondary aim of providing a Palms 2 web presence for potential purchasers / renters etc. Currently the restricted area of the website, to which only members can gain access, contains a lot of information relating to Palms 2 such as notes of Committee meetings, information about maintenance projects, finances, fee collections etc. To gain access to the restricted section a member needs to open an account and register for a password. Once the account is authorised, the account holder can enter freely to keep up to date with developments.

In future, communications from the MC to members such as AGM information, fee notices, maintenance updates etc. will, as far as is possible, be via the website.

As of 1 April 2021 information re people contacting us with requests to rent or buy at Palms 2, will only be put on the website (rather than troubling all members with round-robin emails). Members with properties available to rent or sell are encouraged to check the website regularly.

Maintenance

From the outset we inherited many maintenance issues, tasks which should have been done long ago but had not. Some were obvious like the decrepit state of the lamp posts; others problems were less visible. We instigated a series of site inspections including the two wells and the roofs. As a result both wells have been cleaned and serviced with a provision for fitting a working pump to the second well. The lamp posts have been repaired and painted. Fire extinguishers have been checked and updated. Broken paving slabs in the paths are being replaced. The poolside benches have been rubbed down and painted and look like new. Also staff will shortly begin the repair and painting of sun beds. Where staff don't have the necessary skills for tasks such as these we will consider using outside tradesmen.

Considerable attention has been devoted to resolving the water ingress problems that have cropped up in several properties. Problems reported by villa owners have been investigated and, we hope, resolved. We sought access to top floor apartments where there may be unknown water ingress and have had a good response. Work in progress but not yet completed includes; Water and electricity sources being fitted on the rooftop terraces to enable washing of roofs, debris on the roofs being cleared, broken and damaged tiles being replaced and cleaning and waterproofing of the flat roof areas.

Our staff have also commenced jet washing boundary walls and painting internal picket fencing. All of the external painting that can be done without scaffold will be carried out by our own staff on a rolling programme of work. We are in the process of contracting a specialist painter to begin work on the high level frontages.

Banking

Taking control of the Palms 2 bank accounts, currently held at the Mapusa branch of the Indian Overseas Bank, was one of the early priority tasks. We inherited a system where Palms 2 banking & associated matters like purchasing, approving expenditure, signing cheques, receiving bank statements etc., was all under the control of Riviera. Covid restrictions delayed the handover but now all of the above functions are under the control of the Association. The cheque book is held by the Treasurer who is also able to access further bank services in person at the branch. A restricted 'read only' set of services (e.g. accessing bank statements) is available to the Treasurer & Secretary online.

The documentation associated with the existing Fixed Deposits has been made available to the MC and future investment decisions will be made by the MC.

Authority levels for Committee members have been documented (Available for members to view on the website)

Financial management.

A robust financial control system has been put in place by the MC. Once bills have been approved for payment by the Treasurer, GEMS pays the supplier(s). At the end of each month GEMS submits a statement of expenditure to the MC. At its regular monthly Zoom meetings, the MC reviews the GEMS monthly finance reports and also tracks cumulative expenditure, fee and interest income and bank balances to ensure a tight control of Palms 2 finances on an ongoing basis. A process to complete the appropriate tax returns and pay the tax bills has also been put in place.

The financial position of Palms 2 is healthy - but with the caveat of **only if the annual maintenance fees are paid by members.**

In the Financial year 2018/2019 the annual expenditure of Palms 2 was about Rs 16 lakh rupees, most of which went on basic services essential to the day to day running of the complex. (e.g. Staff, Security, Garbage, Pool chemicals, Electricity & management costs). With interest from the Fixed Deposit investments yielding only 7 to 8 Lakh Rupees,

the Palms 2 fund was depleted by more than Rs 8 lakh that year, a deficit that would only increase as the reducing capital sum yielded less and less interest.

Hence Riviera introduced annual maintenance fees to be levied on all owners. The fees were set to generate an income to just about cover the basic operating costs – but that meant very little was left over to fund essential repairs and/or improvements to the fabric/infrastructure of the complex.

Through streamlining the management structure & careful cost control, the MC has reduced the basic operating costs to about Rs 12 lakh this year. By leaving the management fees at the same level as Riviera and putting effort into explaining the necessity for the annual fee and being rigorous about collecting arrears, we have managed to create a surplus 'pot' this year which, together with some of the interest earned, has been used to pay for the improvement projects described above.

The MC intends Palms 2 should continue this financial strategy for the foreseeable future. i.e:

1. Use the income from the annual maintenance fees to pay for the basic operating costs of the complex with any surplus going toward repair/improvement projects.
2. Invest the balance of the Palms 2 fund in high interest fixed deposits and, where necessary, use some of the interest income for repair/improvement projects.
3. Maintain the Palms 2 fund at approximately the current level in order to:
 - a. generate a decent amount of interest
 - b. have a contingency should monies be needed in emergencies.
4. Initiate repair/improvement projects on a prioritised basis as monies permit.

Fees

I am pleased to report a large upturn in the collection of maintenance fees compared to what was achieved last year by Riviera. This year we have collected the maintenance fees for 53 of the 54 properties on the complex and also have recovered FY 19/20 arrears from 5 of the 6 owners who failed to pay the invoice sent out by Riviera in early 2019.

Heartfelt thanks are due to all the owners who paid their fees promptly and without argument. It makes the job of the MC so much easier and your support is much appreciated.

But I regret to have to point out that collection of fees this year has been the most arduous and time-consuming task undertaken by the MC in its first year of office. A number of owners did not pay promptly and needed reminders and chasing. More significantly, a handful of owners ignored numerous invoices, polite emails, entreaties etc from GEMS and the MC and paid only after a Legal Notice was served by our lawyer.

The amount of work the MC had to do in keeping track of arrears, sending reminder invoices, engaging and liaising with a lawyer etc., was considerable. And of course the actions of those owners served Legal Notices have resulted in Palms 2 having to spend Rs 10,000 on lawyers fees - money which could have been better used elsewhere.

The MC recognises that many owners (including MC members themselves) were disappointed by the introduction of annual maintenance fees and particularly so the original owners, who were led to believe that the initial lump sum payment was a lifetime payment. However the legal documents of sale make no mention of 'lifetime' but instead give legal rights for further maintenance charges to be levied should it be necessary. And unfortunately it is a simple fact that if annual maintenance fees are not paid, Palms 2 will quickly be bankrupt.

Because of the savings achieved this year, our basic operating costs have been reduced so I am pleased to announce that for Financial Year 2021/22, maintenance fees will be held at the current level. But we urge everyone to pay the amount due promptly. For the next fee round the workload associated with fee collection needs to be much reduced – hence the revised process which is submitted by the MC as a proposition to amend to our MoU. The proposition is intended to simplify the fee collection process albeit with much less tolerance being afforded to late/non-payers.

In summary

I believe the MC had performed diligently in its duties and has achieved a lot in terms of structural improvements and financial control. But the real proof is what you think as we draw to the end of our first year at the helm. We would appreciate feedback; especially in areas where you feel further improvement is necessary.

As stated above, we are one person short of complement so ask for a volunteer to undertake the duties of membership liaison. The position is also important because we are operating with four people; ideally there should be five to help spread the workload and also to avoid the possibility of a stalemate in the event of contentious decisions arising.

The pandemic has made it highly unlikely that most of us will be able to visit Palms 2 this season. Without on site support from our staff, Gems and Vishnu we could easily have lost the plot this year. But I hope and sincerely trust that when we are again able to get together, hopefully before the end of this year, you will be well satisfied by all that has been achieved.

Ron Oldfield

Chairman, Palms 2 Management Committee