

## POINT YACHT CLUB & DURBAN PADDLE SKI CLUB NEWSBREAK

12 JUNE 2017

1. On Thursday June 8 2017, all watersports clubs on Vetch's Beach were given notice to vacate their premises within 60 days to make way for the construction of the promenade and relocation to their new "PWC" facilities. This is expected to be made in two phases. The first phase is for all the clubs to relocate to a temporary site (next to the harbour), for a period of two years and the second phase for our final relocation to our permanent site under the promenade.
2. We are expected to sign the two new lease agreements within seven days, one for a "temporary facility" and another for a "permanent facility". This is firstly not possible as our clubs' constitutions require a two week notice period to call for a Special General Meeting (SGM) necessary to ratify a decision of this nature. Further to this, the developers, DPDC, have stated that they cannot actually guarantee that they will provide the temporary facility as it has not as yet been approved by their board. Should we be provided with this temporary facility (which has yet to be built within the two month notice period), the clubs would have to pay for the fitting out of the bare shell which will then be demolished two years later. Two years would not suffice to amortize the fitting out costs.
3. There are various other clauses, as read with the agreements as a whole, which are hazy and appear to leave the Clubs singularly and collectively unprotected should the envisaged development phases (which have still not been made known to us) not go according to plan. Should the underlying intention of the parties to the agreement and their respective perceptions of how the agreements are predicted to work go awry, we will all land up in litigation again, something we would desperately like to avoid. Given what has happened in the past and what we have recently been experiencing, we cannot merely rely on "good faith" to resolve the potential problems.
4. The size of our permanent facility being offered under the promenade will be 5418 m<sup>2</sup>, which is a fraction of what we currently enjoy, and of which 3740 m<sup>2</sup> will be allocated for parking. This equates to approximately 140 parking bays. Members would also have to pay extra for this parking. The site would be rate-free but a monthly rent of R108360 would apply. This would be subject to an annual escalation and the lease would last 15 years with a further 10 years option to renew. On a mere 5% annual escalation, this would equate to a monthly rental of R224552 in 15 years. Fifteen years with a possible extra ten years at an unknown rental, is hardly a secure future for our sports when compared to freehold land.
5. Of extreme concern is the fact that, whilst the topic of leasehold has been raised by the PWC in the past, the only agreement ever legally reached between the PYC and the DPDC is for freehold land. The members of the PYC and DPSC have never voted in favour of a change from freehold to leasehold at an SGM or AGM and it is undetermined whether either the DUC or DSBC have followed this procedure either.
6. There are further obvious concerns here. On the temporary site, catering and recreational facilities would be limited, which would have negative financial implications and a possible drop in membership over the next two years. On the permanent site, although we would be getting a clubhouse shell, fitting it out would require an initial substantial investment with only 15 years in which to amortize the investment.

7. After a lengthy meeting held between Point Yacht Club, Durban Paddle Ski Club and our legal teams, it was agreed that this proposal is not financially viable, certainly not sustainable and not consistent with the agreements previously signed with DPDC. As things currently stand, we have no intention of signing the two agreements.
8. We are in the process of approaching DPDC to clarify their position and to discuss the way forward, before deciding on the next step. We shall try to avoid any legal action as far as possible. However, we shall not hesitate to do so should it become necessary. Our legal team is of the opinion that we have extremely strong grounds on which to challenge the “eviction” notices.
9. The final structure of the Point Watersports Club (PWC) is currently under arbitration between DUC and Durban Ski Boat Club on one side and PYC and the Durban Paddle Ski on the other. The arbitration hearing is being scheduled to commence during July 2017.
10. As far as the paddle ski club is concerned, both DUC and ski boat club are still trying to exclude the paddle ski club from being an equal party within PWC, and the paddle ski club had not been presented with leases as had the other three clubs, offering them clubhouse space in the new development – this despite the paddle ski club having contributed so much in preserving the very beach and reef that all the clubs’ members are still able to enjoy. The members of the paddle ski club are extremely grateful that under the new administration, PYC have recognized their contribution and are in full support of the paddle ski club on this issue.
11. We hope that we shall soon be able to resolve our differences in the arbitration proceedings, so we can all move forward as one united body and be able to negotiate a better future for the watersports fraternity of this city.

**Point Yacht Club and Durban Paddle Ski Club**