



Litchfield
BY • THE • SEA
Community Association, Inc.

**LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
42nd ANNUAL MEMBERS' MEETING**

Saturday, October 10, 2020

Pursuant to call, the 42nd Annual Members' Meeting of Litchfield By The Sea Community Association, Inc. was held on Saturday, October 10, 2020 commencing at 10:00 a.m., via GoToWebinar video conferencing at the Waccamaw Management office, located in Pawley's Island, South Carolina.

The President of Litchfield By The Sea Community Association, Inc., Bob Postiglione called the meeting to order by welcoming the owners who were logged in to the meeting via Go To Webinar. Approximately 112 individuals participated.

Mr. Postiglione introduced the Board Members:

1. Bob Postiglione, President - Shipyard
2. Vic Figlar, Vice President – Willbrook Plantation
3. John Bartha, Secretary – Tradition - Absent
4. Carroll Player, Treasurer – Osprey Watch
5. Royce King – Director – Commercial property owner LBTS - Absent
6. Virginia Paccodolmi, Director – Bridgewater
7. Scott Manhoff, Director – Avian Forest
8. Wayne Flowers, Director – Heron Marsh - Absent
9. Bob Gilman – Director – River Club

Waccamaw Management, LLC, AAMC, Managing Agent for the Association, was represented by Press Courtney, President, Lisa Hergenrother, Community Association Manager, Kailey Mann, Community Specialist and Carla Morris, Director of Customer Care.

President Bob Postiglione acted as Chairman for the Meeting and Kailey Mann served as Secretary. Kailey Mann was appointed Agent and Proxy for those Members of the Association not present at the Meeting for the purposes of voting and also served as Clerk.

The meeting agenda was abbreviated to include only those items essential to continuing operations of the Association.

Certification of Proxies:

Reporting as Clerk, Ms. Mann stated the percentage of Membership represented by Proxy was 51.52 percent. Needing only 51 percent to constitute a quorum, the Meeting could successfully conduct business.

Article IV, Section 1, of the Association Bylaws, states, as amended, that the Annual Members' Meeting shall be held on a day and time as determined by the Board of Directors.

Proof of Mailing:

Chairman Postiglione examined the Proof of Mailing and noted that it, along with a copy of the Notice that was distributed to the Membership, would be filed with the Official Records of the Meeting.

Approval of Minutes:

Due to the current restrictions on gatherings of large numbers of people, the Board decided to not only post the minutes from last year's meeting, but to request that the membership approve the minutes via proxy. Reporting as Clerk, Ms. Mann stated the minutes of the Forty-Second Annual Members' Meeting of Litchfield by the Sea Community Association, Inc. be approved by a 51.52 percent vote of the membership.

REPORTS:

President's Report

Chairman Postiglione provided a very brief summary of the past year's recently completed and upcoming capital projects, the 2021 budget, and plans to charge for bar codes.

The following projects were accomplished during 2019:

- New decking was installed under the shade sails using more durable materials
- New furniture was purchased for the Beach House deck
- Repairs were made to the pool coping at the River Club pool
- Storm drain repairs were made at both the Oceanside Campus and the River Club community
- Bulk head repairs were made around Osprey Lake
- Landscape debris was removed from the water way and banks along the outer rim of Club Circle

In 2020 the following projects were completed or will have been completed by year's end:

- Road sealing was completed on the Oceanside near the Beach House circle and the asphalt walking path
- A new pool fence and kitchen counter were installed at the River Club pool house
- Sand fencing was installed in front of the Beach House
- The River Club road study was completed
- The Osprey Lake boat slip was rebuilt

Mr. Postiglione reported the annual increases in monthly assessments are capped at 6% per year; this increase is not nearly enough to maintain funding needs. A 10% special assessment will be implemented again in 2021 generating an additional \$267,098 in reserve funding. The annual operating budget is approximately \$2.9 million. The Board is studying a number of ways to generate additional revenue.

Effective January 1, 2021, there will be a barcode renewal fee of \$20. Effective July 1, 2021, there will be a barcode renewal fee of \$20 per barcode.

Financial Audit Report:

Treasurer Carroll Player reported on the 2019 Audit. He stated that in the opinion of Sage and Bell, PA, CPA, the financial statements present fairly, in all material respects, the financial position of Litchfield By The Sea Community Association, Inc. as of December 31, 2019 and the results of its operations and its cash flow for the year ended conformed with the accounting principles generally accepted in the United States of America. A copy of the Audit Report is filed with the Association's records.

Election of Directors:

Treasurer Carroll Player stated the primary purpose of the Annual Members' Meeting is to allow the Membership to elect Directors of the Association.

There are three open seats being filled at this year's Annual meeting. The terms of Bob Postiglione, Vic Figlar and John Bartha expire at this year's meeting. All of them have decided to stand for re-election. Their terms will go from 2020 – 2023. Treasurer Carroll Player thanked Daisy Davis for her many years of service on the LBTS Board.

There were eight write in votes casted and when contacted, four members declined their votes and four members wished to let their votes stand.

Reporting as Clerk, Ms. Mann stated the candidates elected to the Board are the following individuals: Bob Postiglione, Vic Figlar and John Bartha.

Election of Tax Resolution:

Chairman Postiglione stated the Membership voted on the Tax Resolution, which allows for the excess Association income over Association expenses to be deferred to the following year's assessments. Therefore, any excess assessment income over and above expenses is subject to taxation. The federal tax rate for all corporations that file an 1120 corporate tax return is 21percent. While the tax law benefits for-profit corporations by lowering their tax liability, non-profit corporations that are not tax exempt, will be taxed at a higher rate. If the membership votes to approve the resolution, the excess income can be applied against the subsequent year's assessments and expenses and, therefore, reduce the association's tax liability as provided by IRS Revenue Ruling 70604. Reporting as Clerk, Ms. Mann stated the tax resolution be approved by a membership vote of 51.52 percent. A copy of the Tax Resolution has been filed in the Association records. Total asset balance at the end of 2019 was \$1,328,015. The delinquency rate was 1.0%, which is well below the state and national average.

HOMEOWNER QUESTIONS

The Board did ask for questions to be submitted in advance. The responses are below.

Questions and Answers

Question: In the minutes from the 2019 annual meeting it was noted that other revenue sources would be pursued so that special assessments in the upcoming years would not need to continue. What revenue sources/options were explored?

Answer: Mr. Postiglione – Two options are being investigated. We are looking at the possibility of expanding the usage of the Beach House possibly with food service. Concerns have been expressed by the neighboring associations with regard to noise, food smells, and parking and as such, this idea is not on a fast track and will require further study. We would need to see if we could adequately address the concerns raised and any change to the use of the Beach House would require a vote of the entire membership, as well as meeting any County requirements for operating such a business.

The second option is charging for new codes and implementing an annual renewal fee for bar codes. We will begin charging \$20 for each new bar code effective January 1, 2021. We plan to implement a renewal program July 1st, 2021 and charge \$20 for each bar code renewal. We are taking this step after investigating what other high scale resort communities do. The security budget is nearly one quarter of all the costs and we need to look at ways that area of the budget can become more self-sustaining.

Question: There are problem with overflow parking several times a year – mainly around Memorial Day and Fourth of July. Allowing golf carts to park

on the sidewalk near the beach house on the 4th of July creates safety issues.

Answer: Mr. Postiglione – We are referring this matter to the security committee for review.

Question: How many of the tennis courts can be used for pickle ball? **Answer:**

- Mrs. Hergenrother – One court is currently marked for pickle ball play and an additional court will be marked for pickle ball in the near future. Paddles must be supplied by the players themselves.

Question: Can more permanent COVID-19 related signage be installed at the Beach House?

Answer: Mrs. Hergenrother – new signage has been installed.

Question: Can landscaping costs be reduced? Can the pool be owners only? Can the Beach House be rented to non-owners? Will LBTS use funds to market properties for sale?

Answer: Dr. Vic Figlar: The LBTS Board has looked long and hard at its landscaping costs and has already made reductions. LBTS is responsible for taking care of landscaping at both the Oceanside and River Club campuses. That is a lot of property to maintain. The money to support these efforts must come from LBTS property owners. Due to the way the governing documents were set up, the LBTS Board has no way to charge rental guests a fee to contribute to this cost. Regarding the pool, all LBTS owners and their guests (including rental guests) have the right to use the LBTS pool at River Club. Regarding the Beach House, it cannot be rented to non-owners. While it is the responsibility of the LBTS Board to maintain all of its common property, it is not our responsibility to market properties for sale. Helping to facilitate real estate sales is not the purview of the HOA.

Question: Can all vendors be asked to delay working until 8:30am? What is the plan for the conversion of the Beach House Deck to trex?

Answer: We have asked the landscapers to delay mowing at the Beach House area until 8:30am. The approved work hours at LBTS is 8m until 6pm. In the summertime, due to the hot temperatures, many vendors, including landscapers, need to start their days early and are generally complete with their work day by 4pm. Work on the Beach House deck needs to be complete as early in the morning as possible so the deck, furniture and all other tasks are completed well before owners and guests arrive to use the area. We are not able to implement a wide spread start time of 9am.

Over a several year period, the LBTS board will replace all the wooden decking with trex, a more durable material. So far, the side closest to Somerset has been replaced. Additional areas will be replaced over the next two years.

Question: Landscape quality and drainage areas.

Answer: We are not aware of any decrease in quality and would invite you to share more detail about the areas that have concerns about. Regarding drainage, LBTS has ongoing projects with drainage repairs. We are working closely with the landscapers to keep the drainage areas near the Beach House entrance road cleared of debris so the water can drain properly in those areas. Again, we would invite you both to share specifics about the areas that concern you.

Question: Renting of Golf Carts

Answer: LBTS has always allowed the operation of rental golf carts on the Oceanside Campus. Underage drivers should be reported to LBTS Security or even Georgetown County which does have jurisdiction over the LBTS roads. LBTS Security can escort the underage drivers back to their parents. Georgetown County can write and levy a ticket to the underage drivers.

Question: Excessive use of beach passes leading to overcrowded beaches and parking lot.

Answer: This year, due to COVID-19 and the closing of many community pools, LBTS owners spent a lot of time at the LBTS Beach. For a period of time, LBTS was one of the few beaches open because it is privately owned. LBTS owners are allowed to provide guest passes to friends and family visiting with them. The owner must accompany the guest. Rental guests are also allowed to have guest passes and may issue them to family and friends visiting them while they stay at LBTS. We have stated that if anyone is aware of a miss-use of passes, we need you to report it so we can take further action. If you see something, please say something. The staff and board review reports on a monthly basis to see if an owner is continually issuing guest passes to the same people. With more and more people living here year round, there is increased year round traffic at the Beach House.

Question: How will owners be notified if LBTS plans to proceed with plans on a restaurant at the Beach House?

Answer: Any changes regarding the Beach House will have to be voted upon by the entire membership prior to any official action being taken. The exploration of food options, whether it be a restaurant or a food truck, were being considered as a direct reaction to feedback the board has received over the years about the lack of food/beverage amenities at the Beach House. All future plans are being taken under advisement and will proceed with ample communication to owners.

Question: Can we increase the west side fees in order to increase revenue?

Answer: The fees charged to LBTS owners are stipulated in the governing documents and are tied to percentages of ownership and cannot be changed. Such a change would require a vote of all members.

Question: Why do communities outside of the LBTS gates have to pay the same as those communities inside the gates? Other communities from across the highway are using our pools but not paying.

Answer: The LBTS governing documents stipulate that all communities on the Oceanside of Route 17 have a higher percentage of ownership and must therefore pay a higher percentage of the HOA fees – with the exception of River Club which must also pay the same HOA fee as the Oceanside communities. If you suspect that others are using your pool, it is up to your community to put protocols into place to prevent the unauthorized use of your amenities by others. The larger Oceanside communities have pool attendants who check and only admit those persons who have a right to use that particular pool (i.e. wrist bands, etc.).

Question: What is the relationship between Litchfield by the Sea and River Club?

Answer: River Club does not have its own HOA. They are legally part of the Litchfield by the Sea Association and LBTS has a responsibility to maintain all of the common areas and amenities (i.e. pool) at River Club. LBTS has two campuses – one on the Oceanside and one on the west side that encompasses the entire River Club community.

ADJOURNMENT

There being no further business to bring before the Board, and upon a motion by Dr. Figlar, seconded by Dr. Player, and unanimously approved, the Meeting was adjourned at 10:34 a.m.

Bob Postiglione
President

Virginia Paccadolmi
Secretary