

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
45th ANNUAL MEMBERS' MEETING
Saturday, June 24, 2023

Pursuant to call, the 45th Annual Members' Meeting of Litchfield By The Sea (LBTS) Community Association, Inc. was held on Saturday, June 24, 2023 commencing at 10:00 a.m., at Inlet Square Mall, Murrells Inlet, South Carolina and virtually via Go-To Meeting.

The President of Litchfield By The Sea Community Association, Inc., Mr. Bob Postiglione called the hybrid meeting to order by welcoming the owners joining virtually and to the owners attending in person.

Mr. Postiglione introduced the Board Members:

1. Bob Postiglione, President – Shipyard Village
2. Larry Ferguson, Vice President – Charlestowne Grant
3. Scott Manhoff, Secretary – Avian Forest
4. Bruce Allan, Treasurer – Harbour Club Villas and The Reserve
5. Royce King – Director – Commercial property owners LBTS
6. James Guzewich, Director – The Rookery
7. Wayne Flowers, Director – Heron Marsh
8. Bob Gilman, Director – River Club
9. Cynthia Steen, Director – Sandpiper Run

Waccamaw Management, LLC, AAMC, Managing Agent for the Association, was represented by Lisa Hergenrother, LBTS General Manager and Deb Cyrek, Community Specialist, Robin Owen, Community Specialist, Ms. Amanda Karchner, Community Association Manager, Sarah Brazee, Presenter/Speaker and Kristy Collins, Staff Accountant.

President Bob Postiglione acted as Chairman for the Meeting and Scott Manhoff served as Secretary. Lisa Hergenrother 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.

Mr. Postiglione stated that 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.

CERTIFICATION OF PROXIES:

Reporting as Clerk, Mrs. Hergenrother stated the percentage of Membership represented by Proxy was **56.12** percent. Needing only 51 percent to constitute a quorum, the Association could successfully conduct business at this meeting.

APPROVAL OF MINUTES:

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, Mrs. Hergenrother stated the minutes of the 2023 Annual Members' Meeting of Litchfield by the Sea Community Association, Inc. were approved by a **53.18** percent vote of the membership.

PRESIDENT'S REPORT:

Bob Postiglione gave a brief President's report. Mr. Postiglione pointed out that Litchfield by the Sea began 45 years ago and with that there are many moving parts to maintain this aging property. Maintenance and upkeep can be difficult with rising costs. Mr. Postiglione commented on the necessity of the newly approved Resort Fee to assist with community maintenance as well as allowing LBTS to plan for new amenities and new improvements to the community.

As always, if you have a pressing issue, please contact Waccamaw Management or a member of the Board.

FINANCIAL/AUDIT REPORT

Mr. Bruce Allan gave the following financial report:

- The 2022 annual audit was performed by Phillips, Currin & Company out of North Myrtle Beach.
- This audit will be posted on the Litchfield by the Sea website for all members.
- The auditor's conclusion: In their opinion, the financial statements present fairly, in all respects, the financial position of Litchfield by the Sea Community Association, Inc.'s December 31, 2022, and the results of its operations and its cash flows for the year ended in accordance with the accounting principles generally accepted in the United States of America.
- Total Assets - \$3,294,395 of which \$2475,614 are funds reserved for future repairs and replacements.
- Total Liabilities - \$3,069,057
- Total Fund Balances - \$225,338 up from \$114,274 in 2021, up \$111,064 from last year
- The total liabilities and fund balance, matches the total assets of \$3,294,395
- The statement of revenues, expenses and changes in fund balances is as follows: A total of \$2,164,662 was contributed from regular assessments and \$327,416 was contributed from a special assessment. The special assessment funds were spent on a number of capital projects which Lisa Hergenrother will address in her remarks.

- Since 2019, the Association has worked hard to reverse a negative owner's equity position going from a negative \$64k to a positive +\$225K in 2022. This was achieved through better budgeting and better control of operating expenses.
- As of December 31, 2022 the Reserve account balance was \$2,482,139 up from \$1,842,211 in 2021.
- Lastly, as of December 31, 2022 the delinquency rate was 1.00%, which is well below the state and national average. The 2022 audit will be posted on the Litchfield by the Sea website when finalized.
- Earlier this year, the board voted to invest \$1.6 million in 3 CDS and two interest bearing money market accounts and are expected to yield \$47-\$50k in interest.

ACCOMPLISHMENTS

Presented by Lisa Hergenrother, LBTS General Manager

In 2022 the following projects were completed:

- Completed conversion of Beach House deck
- New tennis nets and windscreens installed, converted one court to pickle ball courts
- Technology upgrades in Beach House
- Replacement of air conditioning units in the public bathrooms at Beach House and LBTS Pool at River Club
- Landscape enhancements on Oceanside campus
- Multiple irrigation repairs on the main line on the Oceanside
- Sinkhole repairs in River Club, repairs to multiple walking path sections at Oceanside that had uneven surfaces
- Significant preparations for River Club road work, including going to bid for work to be performed in 2023
- Bulkhead rod repairs near the fishing dock area, repairs to the beach crossovers near Shipyard and Bridgewater.
- Replacement of sand fencing and sand scraping in front of the Beach House
- New shade umbrellas for LBTS pool at River Club,
- Reserve study updated
- Governing documents change to allow for cable/internet contract for River Club single family homes
- Introduced electronic voting for annual meeting
- Beach House Committee scheduling regular events and monthly social

What is to come in 2023:

- Hired full time community GM
- Hired full time administrative assistant
- Quarterly HOA President Meetings

- Passage of Resort Fee
- Committee overhaul Strategic planning committee and Beach maintenance committee
- Overhaul of LBTS website
- Installed sound panels in Beach House for better sound quality during virtual meetings
- Planting of dune vegetation in front of the Beach House
- Secured permit for all oceanfront communities to use for sand fencing
- River Club road project Phase I complete a significant portion of Club Circle and the back gates
- Storm drainage work in River Club and on the Oceanside campus
- Removal of large vegetative masses from Oceanside irrigation pond
- Working with consultants to create a new irrigation pond
- 40 River Club trees removed
- Osprey Lake bulkhead repairs
- Repairing fountains by main gate entrance
- Removal of Hurricane Ian debris at South Gate
- River Club median landscaping
- New fencing: south edge of property; between Sandpiper and beach; and along front entrance

RESORT FEE PRESENTATION

Ms. Sarah Brazee presented the newly approved Resort Fee project including the following;

- Effective date of 1/1/2024
- \$15 per night charge (the resort fee for stays fourteen days or longer and will be capped at \$210)
- No charge to friends/family, unless they are paying to rent the unit
- Funds will be reinvested in LBTS amenities
- Logistics of collection and official policy will be shared via email and on website
- Critical next step includes collecting registration information for all LBTS owners who rent

Ms. Brazee then reviewed why we should charge rental guests:

- Tourism and short-term vacation rentals benefit: state and local governments (tax revenue), owners who rent (rental income) and local business (increased patronage).
- The LBTS HOA, which maintains the roads, utilities, landscaping, security and amenities receives no funding from tourism
- Accounting guidance allocates 20% of our operating costs to renters, but 100% of the operating budget is funded by owner dues
- A resort fee allows rental guests to contribute to the costs allocated to them and provides tourism funding to the LBTS HOA

ELECTION RESULTS

Mr. Larry Ferguson gave the election results. Mr. Bob Postiglione, Mr. Bruce Allan and Ms. Cynthia Steen were voted in for the 2023-2026 term. Ms. Hergenrother verified the vote proxy for the three candidates.

ELECTION OF TAX RESOLUTION

Ms. Lisa Hergenrother stated that it is essential that the membership vote to approve the tax resolution. Although the Owner's association is a non-profit corporation, it is not a tax-exempt non-profit corporation. Therefore, any excess assessment income over the above expenses is subject to taxation. The federal tax rate for all corporations that file an 1120 Corporate tax return is 21%. 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 the IRS Revenue Ruling 70-604.

Ms. Hergenrother reported the tax resolution was approved by a membership vote of **54.96** percent.

HOMEOWNER QUESTIONS

The Board addressed the following questions/topics submitted by owners:

Q: Notice many repairs are related to River Club

A: Mr. Bob Gilman stated LBTS is the HOA for River Club and is responsible for all upkeep of the common property in River Club.

Q: Mr. Bruce Irwin from Willbrook – can there be a grill or restaurant where food and beverages can be served in Beach House area?

A: This has previously been considered by the board. The issue is residents who live on both sides of the Beach House would be impacted by smells, trash and noise.

Q: When will phase II of River Club Road project begin?

A: The last 1/3 of Club circle will be going out to bid this fall, paving will start in March 2024 and at the end of 2024 other roads will be considered.

Q: Is there a plan to replace the landscaping by the marsh at the south entrance?

A: Yes, currently working with landscapers on several ideas, stay tuned.

Q: Can anything be done about the limited parking and abuse of those who are gaining unauthorized entry?

A: The security team is working on reducing unauthorized access at all gates. If something unauthorized is witnessed we urge you to let security know while it is happening and then security can take action. Please call the main gate at 843-237-2451 so they can address the situation in real time.

Q: Is it anticipated there will be another special assessment and can there be a different service and economic management team other than Waccamaw?

A: **We don't anticipate discontinuing the special assessment and Mr. Postiglione stated that LBTS has been with Waccamaw for a long time and the board is pleased with Waccamaw's services.**

Q: Can signs be posted warning guests of hot temperature of decking at the Beach House?

A: **The board will take it into consideration.**

Q: What gives the board the right to charge the Resort Fee and the right to do it without a vote?

A: **Article 4, Section 3E of the governing documents, additionally the program has been reviewed by four attorneys. All materials related to the Resort Fee have been posted at Litchfield by the Sea.com.**

Q: Will agencies report the Resort Fee as revenue?

A: **LBTS is not getting involved with owner's responsibilities regarding their rental income so we can not speak as to what they will be doing.**

Q: If a contract with a renter already exists, will they be expected to pay the fee?

A: **Any contract executed prior to September 1st will not be subject to the resort fee for 2024.**

Q: Can there be an ice machine put near the beach house?

A: **It will be taken into consideration.**

Q: For those not renting, why are they not being charged a fee?

A: **Because owners are already paying HOA dues and special assessments.**

Q: Would the board consider installing signage directing people from the south gate to the main gate?

A: **The board will take signage into consideration and will consider having a seasonal guard at the south gate.**

Q: Will LBTS replant sea grass in at the Sandpiper frontage?

A: **Beach renourishment is up to the individual regimes. In the future LBTS will be forming a committee to address beach maintenance and encourage community collaboration for fencing, planting and sand scraping for all ocean front communities.**

Q: Any development plans associated with Litchfield Company?

A: **Not at this time however the Litchfield Company is always looking at economic plans for improvements.**

Q: How much revenue will the Resort Fee generate?

A: **It is variable and not known at this time as there are too many factors to know for certain. There will be enough data to share this information in December 2024 when we will know exactly what income has been generated.**

Q: What is the salary for the consultant on this project?

A: **The consultant is paid at an hourly rate and her time has been well worth it.**

Q: Why do we need a general manager when we already have Waccamaw Management?

A: **The Association needed full time staff leadership.**

DEPARTING BOARD MEMBER APPRECIATION

Before concluding the meeting Mr. Postiglione wanted to take a moment to recognize to retiring Board Members and express appreciation for their service.

Dr. Carroll Player retired from dentistry in 2010 after practicing for 45 years in Florence, SC He and his wife Nancy have been married for 59 years and have two grown children. Carroll also served in the U.S. Army Dental Corps.

In his home town in Florence, Carroll served on many boards and he was on the Florence School District Board of Trustees for 16 years.

Carroll served with distinction on the LBTS Board for 10 years with many of those as the Treasurer. He worked closely with the board's Executive Committee and key committee leaders to eradicate a negative owner's equity position and helped this HOA get on more solid financial footing. We miss you Carroll and hope that you and Nancy are doing well.

Dr. Vic Figlar is also a retired dentist who practiced in the Bergen County NJ area. He also served as a captain in the Army Dental Corps. Vic and his wife Joan live in Willbrook Plantation. He served on the Willbrook HOA Board for four years. Vic is a founding member of the Landscape Committee and was the Committee Chair for several years. He had also served as the LBTS Board Vice President for several years. Thank you Vic for your many years of service to LBTS. We miss you and wish you and Joan the very best.

ADJOURNMENT

There being no further business to bring before the Board, and upon a motion by Mr. Bob Gilman, seconded by Mr. Larry Ferguson, and unanimously approved, the Meeting was adjourned at 11:30 a.m.

Bob Postiglione
President

Scott Manhoff
Secretary