

**LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
41st ANNUAL MEMBERS' MEETING**

Saturday, June 15, 2019

Pursuant to call, the 41st Annual Members' Meeting of Litchfield By The Sea Community Association, Inc. was held on Saturday, June 15, 2019 commencing at 10:00 a.m. at the Waccamaw Neck Library in Pawleys Island, South Carolina.

The President of Litchfield By The Sea Community Association, Inc., Bob Postiglione called the meeting to order by welcoming the Owners in attendance.

Mr. Postiglione introduced the Board Members:

Bill McElroy, Vice- President
Carroll Player, Treasurer
Daisy Davis, Secretary
Joe Young, Director
Vic Figlar, Director
Virginia Paccadolmi, Director
Tom Leis, Director
Royce King, Director - Absent

Waccamaw Management, LLC, AAMC, Managing Agent for the Association, was represented by Press Courtney, President, Lisa Hergenrother, Community Association Manager, and Jennifer Wing, Community Specialist.

President Bob Postiglione acted as Chairman for the Meeting and Daisy Davis served as Secretary. Jennifer Wing 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 requested any Member present who choose to vote by ballot, recover the proxy they sent, in order to preclude the recording of owners present as both present and by proxy. He stated that anyone wishing to allow their proxy to stand would be voting in absentia.

Certification of Proxies:

Ms. Wing was requested to report on the Roll Call check-in process and certification of the Proxies in order to verify the establishment of a quorum. In accordance with the governing documents, 51 percent of the total vote of the Association must be present in person or by proxy to constitute a quorum. The

percentage of membership by proxy and in person was 54.87 percent. Ms. Wing stated the quorum requirements had been met.

Proof of Mailing:

Mr. 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:

Mr. Postiglione entertained a motion to waive the reading of the Minutes of the fortieth Annual Members' Meeting of the Association and to approve the Minutes as written and presented. Upon a motion by Susan Albright, seconded by Mike Turner and unanimously approved, it was;

MOVED: Approval to waive the reading of the Minutes of the fortieth Annual Members' Meeting of Litchfield By The Sea Community Association, Inc. be approved as written.

Election of Directors:

Mr. Postiglione stated the primary purposes of the Annual Members' Meeting are to allow the Membership to elect Directors of the Association, to vote on the Tax Resolution, and any other issues brought before the Meeting.

It was necessary to elect three (3) members to the Board this year. The terms of Bill McElroy, Joe Young and Tom Leis expired at this year's meeting. Mr. Leis has agreed to serve again if elected. A Nominating Committee was appointed by the Litchfield by the Sea Community Association Board of Directors for the 2019 Annual Meeting and the nominees presented to the membership are listed below:

<u>NOMINEES</u>	<u>ASSOCIATION</u>	<u>TERM</u>
Scott Manhoff	Avian Forest	3 years (2022)
Wayne Flowers	Heron Marsh	3 years (2022)
Tom Leis	River Club	3 years (2022)

There were nine write in votes casted and when contacted, three members declined their votes, three members could not be reached and three members wished to let their votes stand. Mr. Postiglione requested a motion to close the nominations. Upon a motion by Joe Greco seconded by Bob Gilman and unanimously approved, it was;

MOVED: Approval to close the nominations.

Upon a motion by Catherine Freedburg, seconded by Ed Slomkowski and unanimously approved, it was;

MOVED: Approval to accept slate by acclamation.

Election of Tax Resolution:

Mr. 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 70-604. A copy of the Tax Resolution has been filed in the Association records.

Upon a motion by Judy Stark, seconded by Bob Gilman and unanimously approved, it was;

MOVED: Approval to accept the Tax Resolution for the year ending December 31, 2019 by acclamation.

REPORTS:

President's Report

Mr. Postiglione presented the President's Report, which covered an overview of everything maintained by their monthly assessments. He also explained that River Club does not have its own sub-association due to the way the Litchfield by the Sea Governing Documents are written, therefore the Litchfield by the Sea Home Owners Association and the Board of Directors are also totally responsible for the River Club Community. Mr. Postiglione reported the annual increases in monthly assessments are capped at 6% per year; this increase generates \$137,000 per year and is not nearly enough to maintain funding needs. A 10% special assessment was implemented this year generating an additional \$250,000 in reserve funding. The annual operating budget is approximately \$2.6 million. The Board is studying a number of ways to generate additional revenue in order to avoid a special assessment next year.

Litchfield Beautification Foundation

Ken Dewell, President of Litchfield Beautification Foundation, spoke about the Foundation and where the funding comes from, provided information on donations, and the flag project.

Financial Audit Report:

Treasurer Carroll Player reported on the 2018 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, 2018 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. Total asset balance at the end of 2018 was \$820,614. The delinquency rate was 2.0%, which is well below the state and national average.

Security Report:

Mr. Leis presented the security report. He reported on the TEM barcode and gate system operations, as well as owners issuing passes for non-residents. He reminded owners that golf carts need to be driven by licensed drivers only and gas powered golf carts are not allowed in Litchfield by the Sea. He also reminded the members that scheduling a guest pass should be done through the Resident Module on-line, not calling the guards.

Questions and Answers

Question: George Leyendecker – River Club –Is it possible to move the main entrance scan pass reader to the guard side or does it have to stay at the North gate?

Answer: Mr. Leis – Barcode and scan pass readers are at all three entrances, including North and South gates with much less traffic. We cannot widen the area as we do not own the land.

Question: Debbie Brazee – Charlestown Grant – She sees a lot of non-property owners in addition to service people parking and using amenities.

Answer: Mr. Leis – Call security. He reminded everyone if they see something, say something.

Question: Holly Temple – Can't we give a certain code on service peoples passes that restrict times?

Answer: - Mr. Postiglione – We cannot label passes with “maid” and cannot make them time sensitive.

Unfinished Business:

There being no unfinished business to come before the Board, the meeting turned to new business.

New Business:

Question: Art Murphy – River Club – Asked if something could be put on the stairs at the new upper deck at the Beach House as they are hard to see.

Answer: - Mr. Figlar – Will have Waccamaw Management look at options.

Question: Lissa Byrd – Willbrook – Asked why can't River Club be separated from Litchfield by the Sea and get their own sub-association.

Answer: - Mr. Postiglione - The only way to make this happen would be a 100% vote from all Litchfield by the Sea membership and all mortgage holders.

Question: James Richardson – River Club – Asked about the huge back-up on Highway 17 last month.

Answer: Mr. Dewell – It was not a Litchfield Beautification Foundation project; it was Georgetown County. They were performing maintenance in the median and had to shut down a lane.

Question: Charles Middleton – Shipyard Village – Asked if there were any plans for beach re-nourishment.

Answer: Mr. Postiglione – Georgetown County does not currently have any plans.

There being no further business to bring before the Board, and upon a motion by

Mr. McElroy, seconded by Sue Albright, and unanimously approved, the Meeting was adjourned at 11:22 a.m.

Bob Postiglione
President

Daisy Davis
Secretary

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