

# South Hampton News

## Winter 2023



We are in the middle of winter and as usual, we've had a mix of cold and warm weather. Winter weather in Myrtle Beach is never predictable.

We experienced 5 days from December 23<sup>rd</sup> through December 27<sup>th</sup> with low temperatures below freezing and the coldest day on December 24<sup>th</sup> with a low temperature of 18°. Unfortunately, we had some pipes freeze and break in the garage by the beach storage cages and a water supply line to our cooling tower, as well as the cooling tower basin icing over. All pipes have been repaired to a condition better than before the freeze to avoid a recurrence of this problem in the future. The cooling tower basin freeze uncovered a faulty temperature switch that heats the water when necessary. This too has been repaired.

Four Of A Kind is in the process of removing all the lattice around the ocean side of the building. A lot of this was damaged by Hurricane Ian. FOAK is replacing the lattice with all new frames and louvered panels. This will give us a nice new fresh look and will be more durable than the lattice.

The Board called a special meeting in December to discuss and vote on filling our open seat. The Board selected Gerald Baron. He is a Mechanical Engineer with solid sales and management background. His experience will help support our needed building/mechanical improvements. Welcome Gerald!



## Annual Homeowners Meeting

### Important Date Change

Our Annual Homeowners Meeting is held on the second Saturday of May. Due to this year being Mother's Day Weekend, the Board has decided to move the meeting to **May 6, 2023**.

#### Mark your calendar

We hold elections of officers at this meeting. This year there are 3 officers up for election.

This meeting will again be a hybrid meeting, in-person at the Embassy and via Zoom Conference Call.

More information will be forth coming from Empress.



FOAK and the Board are working together to find a building manager that is a good fit for both the South Hampton and FOAK. We have been trying out a few different people over the past few months. We made a decision to bring Kendrick Williams, a proven building manager that has been with FOAK for more than 8 years. Kendrick will be managing our building and establishing standards and best practices for the future manager, cleaning staff, and maintenance staff. Once this is all in place, Kendrick will help us in selecting his replacement and he will be part of the training to ensure a smooth transition. Kendrick will continue to support the South Hampton after the transition period.

# 2023 Financial Corner



## Capital / Improvement Projects

We closed our 2022 financials very close to budget. Overall, we came in \$4,213 over budget. For the year we are under budget in Administrative, driven mostly by legal and professional expenses. We are also under budget in Repairs & Maintenance, driven mostly by our renegotiated contract with FOAK, savings from Janitorial Supplies, ending of Generator Lease, and savings from Maintenance Repairs and Pool Supplies. We are over budget in utilities, driven by increased Water & Sewer costs.

We continue to fully fund our reserves YTD totaling \$320k. We drew \$34,373 out of our reserves this year for: Roof Repairs, Pool Umbrellas, Pool Gate Keypad Lock, and the AC unit for cooling tower pump room.

We continue to oversee and manage all expenses as well as negotiating all contracts. We are working with Myrtle Beach Water to better understand the high cost of water and sewer. We did find and repair a water leak in our cooling tower and a potential for some savings on our sewer billing portion.

2022 Year End			
Income			
Income	\$1,437,047	\$1,430,824	\$6,223
Expenses			
	Actual	Budget	Variance
Administrative	\$593,248	\$597,966	\$4,718
Repairs & Maintenance	\$297,765	\$301,251	\$3,486
Utilities	\$230,247	\$211,607	(\$18,640)
Expenses	\$1,121,260	\$1,110,824	(\$10,436)
Reserve Contribution	\$320,000	\$320,000	\$0.00
Total Expense w/Reserve	\$1,441,260	\$1,430,824	(\$10,436)
Income vs Expense	(\$4,213)	\$0	(\$4,213)

### December 31<sup>st</sup> Account Balances:

*Operating Acct: \$141,764 – Is funded by our monthly regular assessment (dues), storage room income, and other income. About \$60k will be transferred to Special Assessment Acct.*

*Operating Reserve Acct: \$481,496 – Is funded by our monthly contribution of \$26,666.67 from the Operating Acct. \$35k being transferred to Special Assessment Acct*

*Special Assessment Acct: \$11,592 – Is funded from owners' monthly payments for the 2021 building waterproofing project.*

This pays our monthly payment towards our loan. The balance due on our loan is \$403,601 with a maturity date of February 2026.

*Insurance Escrow Acct: \$0. This is normal for end of year and will start to refund in January 2023.*

- We finally received and installed our new Fire system CPU and display in January. The old unit was starting to fail and parts were no longer available. This is a critical component of the fire system. Without it, we would have to support and pay for a 24 hour per day fire watch. The installed cost of the new CPU and display is \$13,992. This will come out of our Operating Reserve Account.
- We replaced a couple more cast-iron waste stacks in the garage. We had some delays due to part shortages and were not able to get as many done as planned.
- The 3 storage rooms rented by the Embassy have been returned to the Association and have been assigned to owners in order of the storage room wait list.
- Our new pest control company has noticed several problem areas and have been on-site multiple times to treat and retreat specific areas of concern.
- The Spectrum upgrade has been completed and all owners should not see any internet fees, unless you have an upgraded package from what is being provided.
- Revised Rules and Regulations have gone through multiple iterations and the final draft is at the attorney for review and filing with the county.
- Electrical repairs were made to garage and mechanical room lighting and mechanical room exhaust fan.
- We are beginning to look at future updating to our driveway entrance to the front lobby, the front lobby, hallway flooring and walls, hallway lighting, and elevator lobbies.



## Engineer's Building Report

As mentioned in our Townhall Meeting, we hired a structural engineer to inspect our entire building. During the inspection, he made positive comments on the structural aspects of our building.

We recently received the report and there are several areas of recommended improvements. The Board is beginning our review of the report and will develop a prioritized action plan.

## Insurance

The insurance market is upside down now due to the overwhelming amount of property claims from Hurricane Ian and other wind storms in 2022. The South Hampton Property insurance has seen a significant increase as well as many oceanfront and near ocean buildings are seeing. Some insurance carriers are exiting higher risk markets and others are increasing premiums significantly to offset their risks. Below is an overview of our insurance rates and what happened.

### 2022 Rates:

Property Insurance \$188k

Flood Insurance \$96k

D&O, GL, Umbrella, and Crime Insurance 11k

Total Insurance \$296k

2022 Budget \$300k.

Around October we heard of the potential insurance premium increases. We were told to expect premiums to increase 30% or higher. We could not get any fixed amount quotes at this time as the carriers were overwhelmed with claims coming in from hurricane Ian and most were unwilling to quote until they understood the impact of all the claims. We and many others were unable to get quotes when needed to complete our 2023 budget.

The South Hampton Board is required to adopt an operating budget on or before December 1<sup>st</sup> of each year for the upcoming year. The budget is an itemized estimate of HOA expenses for the upcoming calendar year. We are required to furnish each owner a copy of the budget and notify each owner as to the amount of the annual assessment (dues) on or before December 15.

On November 7<sup>th</sup> we received an estimated insurance premiums from our insurance agent.

Property \$230k (22.3% increase)

Flood \$98k (2% increase)

D&O, GL, Umbrella, and Crime Insurance \$11k (no increase)

Total \$339k (15% increase)

The 2023 insurance budget was set at \$345k or 17% above the 2022 actual insurance cost.

## Insurance Continued

On December 20<sup>th</sup> we received the Commercial Property quote. It was \$390,502! It was \$161k higher than the agent's estimate. This, along with our Flood and Other insurance came in at \$500k or \$155k above what we budgeted.

We were told by other insurance carriers that the premiums are going up significantly and our best option to keep the price as low as possible was to renew with our current carrier. What we learned is our current carrier declined to renew with us and many other beach properties. This forced us on the open market where no one was aggressively writing new policies.

This left us with a \$155k shortfall to our budget with no other options. This significant increase in our costs could not be made up anywhere else without putting us in future jeopardy of not maintaining and improving our building and mechanical equipment.

If we had an earlier warning of this, we would have built the new insurance cost into the 2023 budget. Since the budget was already released, we chose not to revise the budget and cause confusion with payment coupons and ACH payments. The other option we chose was to do an Insurance Special Assessment. This assessment was communicated to all owners last week. We made the payment due in 90 days to help offset this unexpected cost to each of us. It can be paid in full or paid over three months. We couldn't spread this out further as our insurance premiums are due in full at the start of the coverage.

## Hot Water Tank Reminder

As a reminder, we have a hot water tank replacement policy. It is required that each owner replaces their hot water tank when it reaches 10 years old. If your hot water tank is 10 years old or older, or will be 10 years old this year, Empress will reach out to you. It is the owner's responsibility to hire a plumber to change the hot water tank and to send Empress a copy of your invoice showing the hot water tank has been replaced.

# HVAC Preventive Maintenance

We are ready to kick-off our Voluntary HVAC preventive maintenance program with Cooper Mechanical Services. This is a good opportunity for owners to sign-up for a bi-annual servicing of your HVAC unit(s). Once on the program, owners don't need to worry about scheduling service. Cooper will come out twice a year, once before the heavy cooling season and once after. Cooper will bill the HOA directly for all owners on the program and each owner will then see a workorder reimbursement on their account to pay in 30 days. The cost for the HVAC service is \$70 per HVAC unit per trip or \$140 per HVAC unit per year. Keep in mind, some condos have more than one HVAC unit. There will be an additional \$15 per invoice admin charge for Empress to manage the scheduling and all the individual billing.

The service includes; overall system operation check, cleaning of coils and drain, and new filters. This is a no worry convenient way to ensure your HVAC unit is properly serviced twice a year. This will keep your HVAC units running efficiently and will greatly reduce the chance of your condensate line plugging and causing water damage in your unit, your neighbors' unit(s), and HOA common areas.

To sign up for this service please contact Michelle Taylor at Empress. Michelle can be contacted at michelle@empressmgt.com or 843- 443-4003.

# KPMA Board Meeting Notes

October 15, 2022

## Financials:

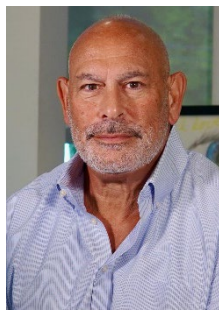
- August 20, 2022 Meeting Minutes Approved
- August 31, 2022 Financials:
  - \$894,573k Total Assets
  - \$431,292k Total Liabilities
  - \$425k Operating Fund Balance
  - \$2.44M Reserve Fund Balance
- Architectural Standard Committee – no report
- Security Committee
  - 93 parking citations previous month
  - Storage rooms and electrical rooms are being left unlocked throughout the plantation. Associations need to keep all these doors locked.
  - Trying to improve traffic coming in to plantation during peak times
  - Not enough parking spaces for golf carts and cars
  - Adding 80 new golf cart parking spaces by Brighton and South Hampton
  - Raising annual golf cart registration fees to \$200 for next four years to offset the cost of adding the 80 new spaces
  - Reviewing current signage for effectiveness
  - Barcode stickers available to purchase for approved vendors. This should help at the main gate
  - Reviewing the need to install a sidewalk between the Embassy and the South Hampton. Main purpose is for the Embassy employee's safety as they currently have to walk in the truck roadway to get to their check-in place
  - Plantation Security 843-497-3200
  - Black Drum open mid-November
  - Pool club membership is closed

## Board of Directors



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Chuck Campagna  
Vice President



Jerry Noel  
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Michael Mercadante  
Treasurer



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