

South Hampton News

Winter 2023/2024



Pelicans Heading South

We made it through the 2023 storm season in good shape and did not have any storm damage!



The KPMA made good progress with removing the red stones from our parking lot island beds and replacing them with brown mulch. It's a nice improvement. They still have a couple beds to do and we'll work with them to get these done. Concrete repairs to our sidewalk and underbuilding garage entrance were delayed until after the holidays. We are trying for March.

The new roof is installed and came in on budget. Also, during the roof project, we replaced our 10-ton rooftop HVAC unit and the lighting rod system. These projects also came in on budget. I was on site during the entire process to oversee and project manage. This saved the association more than \$15k in project management costs!

We finally received our new automatic sliding door in November for our front lobby. Installation is complete.

Our cooling tower electrical has been replaced and brought up to code compliance. We were able to save a few thousand dollars by changing contractors. We also learned one of our fan motors on the cooling tower has a bad bearing and the motor will need to be replaced before the cooling season start. This will be a capital expense and paid out of our reserve fund.

A letter was sent to all homeowners regarding the Board's decision to change management companies. Please see the article regarding this.

Some owners may have noticed the wallpaper removal and painting of the walls in our lobby. This is being done due to the bad condition of the wallpaper and the discovery of some organic growth in a couple spots behind the wallpaper. Our cost for this project is for materials only. FOAK is doing this work under off season projects.



Board of Director Changes

Our Board Secretary, Jerry Noel, sold his unit in December and per the Governing Documents he had to resign on or before the transfer date. Jerry has been on the South Hampton Board as Secretary since May 2021. We want to thank Jerry for his time on the Board and his commitment to help rebuild our financials and for supporting the changes made over the past 2½ years.

With Jerry's resignation, the Board discussed options to fill the vacancy. We learned that Suzanne Nichols of unit 1003 has an impressive resume with a wealth of experience across various industries and roles. She is a CPA (Certified Public Accountant) in North Carolina (active) and Tennessee (retired). She has a high level of expertise in finance working with all levels of management, internal and external auditors as well as dealing with state and federal auditors. Some of her financial rolls have been: Senior Financial Manager, Regional Controller, and Director of Finance. She is also a degreed Industrial Engineer.

The Board called a special meeting and unanimously agreed to appoint Suzanne to the South Hampton Board of Directors to fill the remainder of Jerry Noel's term. Adding Suzanne to our Board further strengthens the team to support the South Hampton and its Homeowners.

The Board then held an Organizational Meeting to reassign positions. The Board unanimously agreed to have Suzanne Nichols serve as Treasurer and Michael Mercadante to serve as Secretary. The Board also unanimously agreed to leave the other three positions unchanged: Tom Leonti President, Chuck Campagna Vice-President, and Gerald Baron Director.



2024 Insurance

As discussed in our October Town Hall Meeting, the Board of Directors decided to change insurance brokers for 2024. Our new broker is McGriff. McGriff has an office in Myrtle Beach and they are part of Truist Insurance Holdings, Inc., one of the top 10 largest insurance brokers in the world.

Our agent, O'Neil McCoy, is senior Vice President and he attended our Town Hall Meeting to talk to homeowners about the insurance market, pricing, and how claims are filed and handled.

McGriff also offers HO6 to homeowners.

Insurance is a major concern for oceanfront properties and has become the single largest line item in our budget, representing 35% of our overall budget.

We set our 2024 insurance budget for a 30% increase over 2023. The final numbers came in very close to our budget.

The new roof is helping us with our rates, but our new real-estate appraisal is hurting us as it came in at \$52M vs our old appraisal of \$44M. Insurance carriers want to make sure properties are not under insured.

Our Flood Insurance renews in March and we are expecting a decrease due to our updated elevation certificate. An elevation certificate defines the first-floor elevation above sea level. Our revised elevation is 9.6 ft above sea level vs 1.0 ft previously. The updated elevation certificate did result in us receiving a \$25k refund for 2023. We are expecting to see the 2024 premium positively affected by the new elevation certificate.

Under-Building Parking Decals

All owners should be familiar with the round gold decal provided by the association that has been the permit to park in the under-building parking area. Since the KPMA issued decals have the association name on the decal, we will use it to also serve as the permit to park under our building. We will no longer issue the gold decals. This will be one less decal on your windshield.

KPMA security, when walking our under-building parking garage, will be checking for the KPMA decal and the South Hampton name on the decal.



Management Company Change

The South Hampton Board decided to interview other management companies. The top two companies interviewed along with our current company, Empress Management, were reviewed and discussed as which company would be the best partner for the South Hampton going forward. After a lot of consideration, the Board decided to partner with First Service Residential as our management company.

First Service Residential (FSR) will be taking over March 1, 2024. The transition is underway and you will hear more in the next week or two about the transition. FSR will be reaching out to homeowners with what is needed to register on their website (First Service Residential Connect). They will also inform and help us on how to get setup for our payment methods.

We know change can be difficult, but both Empress Management and the First Service Residential Transition Team will be working hard to ensure a smooth transition.

To learn more about FirstService Residential, you can visit their website at: <https://www.fsresidential.com/connect>



Dryer Vent Cleaning Program

The Association has established a dryer vent cleaning program that will be fully paid by the association. The program will start April of this year and we will clean all the vents on floors 1 – 8. Floors 9 – 16 will be cleaned in 2025.

We contracted with Dryer Vent Wizard. This will be handled similar to the pest control program. This company will enter each unit, turn on the dryer and clean the vent line from the balcony to the dryer. They will be using commercial grade dryer vent brushes that will thoroughly clean the dryer vent line. They will note any issues discovered with the dryer vent system and offer further repairs at an additional cost.

Please note it is normal to see lint coming out of the vent for 1-2 dryer cycles after the cleaning. Dryer Vent Wizard guarantees their cleaning work for 60 days after the cleaning.

Also, please make sure your dryer has a lint filter to keep items, other than lint, from getting into the vent line.

2023 Financial Corner



Year-to-Date through December our income is \$1.74M, \$146k over budget. The over budget collections resulted from our insurance special assessment collections that were not in the 2023 budget. Total operating expenses were \$1.36M plus \$420k reserve contribution totaling \$1.78M in expenses. Through December our net income is negative \$39k compared to the budget, with insurance special assessment collections included. Half of this shortfall was due to underfunding our insurance special assessment in alignment with our Master Deed. The majority of the remaining shortfall was due to heavier than normal repairs on our fire system and elevators.

We continue to fully fund our reserves YTD with deposits totaling \$420k. We drew \$115k out of our reserves this year for: cast-iron drain pipe replacements, balcony deck and railing materials & repairs, fire system controller & pump rebuild, stairwell safety illumination, cooling tower electrical, new lobby sliding door, and roof electrical. There will be withdraws in Q1 for the roof, rooftop AC unit, lightning rod replacements, floor and wall repairs to our compactor room and back elevator lobby, and to finish the stairwell safety illumination.

2023 YTD			
Income			
Income	\$1,738,987	\$1,593,137	\$145,850
Expenses			
	Actual	Budget	Variance
Administrative	\$895,937	\$720,318	(\$175,619)
Repairs & Maintenance	\$296,968	\$262,946	(\$34,022)
Utilities	\$175,548	\$189,873	\$14,325
Insurance Claim	(\$10,031)	\$0	\$10,031
Expenses	\$1,358,422	\$1,173,137	(\$185,285)
Reserve Contribution	\$420,000	\$420,000	\$0.00
Total Expense w/Reserve	\$1,778,422	\$1,593,137	(\$185,295)
Net Income	(\$39,435)	\$0	(\$39,435)

December 31st Account Balances:

Operating Acct: \$42,310 – This account has been repaid the \$83,872 borrowed to pay the 2023 insurance premium

Operating Reserve Acct: 753,805 – This account has been repaid the \$121,000 to pay the 2023 insurance premium

Insurance Escrow Acct: \$37,915. Is funded by our monthly contribution for insurance expense and is used to pay insurance premiums.

Special Assessment Acct: \$88,524 – Is funded from owners' monthly special assessment payments for the 2019/2020 building project.

This along with the owners' monthly payments pays our monthly loan payment. Our loan balance is \$280,624



2023 Maintenance and Capital

Improvement Projects

Maintenance Repairs

- Replaced frozen water lines in garage and cooling tower
- Lattice on ocean side of building replaced with wooden louvers
- Repaired wiring in pool pump room
- Multiple elevator failures
- Cooling tower fill and shut-off valves
- Main lobby sliding door repair
- Cooling tower closed loop system pressure repair
- Repainted first 4 floors of both stairwells
- Repaired several common area doors
- Replaced exhaust fan in pool pump room
- New compactor room doors installed
- Fire water system repairs from annual inspection
- Fire pump rebuilt
- Water main repaired by City of MB (no cost to HOA)
- Balcony floors punch list
- Cooling Tower electrical repairs
- 10-ton HVAC roof unit replaced
- Roof replaced
- Roof lightning rod system replaced
- Install new front lobby automatic sliding door
- Stairwell Illumination striping to meet new code requirements – front stairwell done
- Lower half of walls and doors in main driveway under the canopy repainted
- Removed all front lobby wallpaper and painted walls

Upcoming Maintenance and Capital Projects

- Repair compactor room floor and drain
- Stairwell Illumination striping to meet new code requirements – rear stairwell
- Replace broken tiles around the coping of the pool
- Re-caulk re-paint pool deck
- Replace cooling tower fan motor
- Repair and improve back elevator lobby
- 2 common area 1987 HVAC units died and will be replaced
- Repaint garage walls from the drive entrance, past lobby door, around trash and restroom area and to the south sidewalk entrance
- Reviewing upgrades to front entrance driveway
- We are interviewing commercial designers to help with the interior design of our building

Pet Program Reminder

Thank you to all the owners who have already registered your pets. Those that haven't registered yet need to do so to help reduce FOAK's burden in asking if the pet is registered.

All owners are permitted up to 2 pets within their unit. All pets must be registered with our management company to receive a unique pet tag. A \$25.00 per pet registration fee will apply. Any pet owner without a pet tag on their pet will be given an opportunity to register their pet. If the pet does not qualify for registration, the pet will have to be removed from the property and the Unit Owner will also be notified.

If you are on a rental program, be sure to inform your rental management company, as tenants and guests are not permitted to have animals in the South Hampton.

Hot Water Tank Reminder

It's that time of the year to check your hot water tank.

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, our management company will reach out to you. It is the owner's responsibility to hire a plumber to change the hot water tank and to send our management company a copy of your invoice showing the hot water tank has been replaced.

We received a couple inquiries regarding tankless water heaters. Our building and unit wiring was not designed to handle the load of electric tankless water heaters.

This program has greatly reduced the number of hot water tank leaks and water damage in the building.

call Aaron at 843-465-1277

Trash Dumpsters



The HOA has 4 dumpsters that are exclusively used for the trash chute compactor. We have 1 dumpster for homeowners, guests and tenants to dispose of larger items that do not fit in the trash chutes.

Furniture (including patio furniture), appliances, kitchen cabinets, sinks, toilets and other construction debris cannot be put in the dumpster or left on the ground in the dumpster area. **Contractors are not permitted to use our dumpsters and trash chutes. Contractors are responsible to remove all trash and debris from the South Hampton and Kingston property.**

Homeowners needing to dispose of these larger bulk items need to take them to the local dump or call our maintenance company, Four Of A Kind, who is offering a pickup service for homeowners. This service will be scheduled directly between the homeowner and FOAK. The fee for this service is \$100.00 per pickup. To schedule a pickup, call Aaron at 843-465-1277.

Eligible items for this service are: bulk trash, house hold furniture (sofas, tables, dressers, beds, etc.), appliances, and bicycles. Construction debris is **NOT** included with this service.

We have seen a **big** improvement in the reduction of large items left in the dumpster area. We want to thank all the owners who are helping us keep this area free of these large items and are utilizing the bulk services of FOAK.

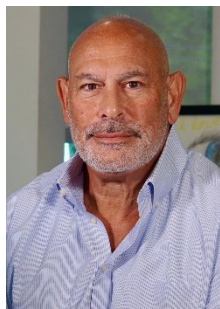
We will continue to monitor this area and need all owners and their contractors to abide by this policy. Fines will be applied to violators. Remember, the owner is responsible for contractors working in their units.

Board of Directors



Tom Leonti
President

tomleonti@frontier.com



Chuck Campagna
Vice President



Michael Mercadante
Secretary



Suzanne Nichols
Treasurer



Gerald Baron
Director