

Special Board of Directors Meeting
January 12, 2019

MINUTES

Pursuant to call, a Special Meeting of the Myrtle Beach Resort Homeowners Association, Inc. Board of Directors Meeting was conducted on Saturday, January 12, 2019, commencing at 9:30 AM, in the Conference Room of the B Building, 5905 S. Kings Highway, Myrtle Beach, SC 29575.

1. Opening Comments

The following *Directors of the Association* were present in person for discussion: Lori Niedzwiecki, Jeff Richardson, Nancy Moore, Robert Rosencrans, and Kenneth Moss. Also present was Barbara Johnson, Association Manager and Gina Maretta Administrative Manager from Empress Management, and Attorney Robert E. Lee.

Kenneth Moss called the meeting to order at 9:30 AM.

Upon a motion by Jeff Richardson, seconded by Robert Rosencrans and unanimously carried it was:

MOVED: To authorize both Nancy Moore and Lori Niedzwiecki to sign the engagement letter with the Hobbs Group on behalf of the Myrtle Beach Resort HOA.

John Hobbs and Mark Hobbs discontinued their conference call.

Ricky Davis of Securitas joined the meeting. Ms. Johnson asked for an update with regard to the activation of the gates on the ocean front walkways. Mr. Davis stated that the A Building stopped the installation of power to the A Building gate so it can't be activated until power installation is authorized, and this will require special permits because of the work in the proximity of the protected dunes. He stated that three of the four gates have power. He stated that Securitas will not activate the Renaissance Tower access gate at the Quarterdeck location due to the litigation. Robert E Lee stated that he will speak to Art Justice regarding the gate at the Quarterdeck.

Discussion ensued with regard to the new guest registration system. Jeff Richard stated that it has been almost a year since the contract was signed and the system needs to be activated. Mr. Davis stated that he was directed to "go live" on January 2, 2019. Ms. Johnson stated that a new broadcast email will be sent to all owners advising if their guests are not registered they will not have access to the property. A help link will be included. Lori Niedzwiecki

asked how will guests obtain their gate access code. Mr. Davis stated it will be provided when the guest checks in and obtains their parking pass. Ms. Johnson stated that the owners will receive two gate entry swipe cards when they pick up their 2019 owner parking pass. She reported that those passes should be in in approximately a week. Jeff Richardson reported that he has 12 units and wants 24 gate swipe cards. Laura stated that she has six units but can only access one unit currently in the system. Ms. Johnson stated she has reported this and will check on it again. Ricky Davis stated that the security cameras should be installed on the B Building by January 2, 2019 as well. The Board agreed that communication with regard to the gates is very important and Ricky Davis stated he will communicate to Barbara Johnson and she will pass the information to the Board Members.

Selection of Officers

Robert E Lee advised the Board that they are in violation and need to select officers or the Circuit Court can appoint a receiver. Discussion ensued and upon a motion by Jeff Richardson, seconded by Nancy Moore it was:

MOVED: That the officers would be: Nancy Moore - President, Jeff Richardson - Vice President, Lori Niedzwiecki - Treasurer, and Robert Rosencrans - Secretary. (The vote was called Robert Rosencrans - No, Jeff Richardson - Yes, Nancy Moore - Yes, and Lori Niedzwiecki - No).

Upon a motion by Robert Rosencrans, seconded by Lori Niedzwiecki it was:

MOVED: That the officers would be: Lori Niedzwiecki - President, Nancy Moore - Vice President, Jeff Richardson - Secretary, Robert Rosencrans - Treasurer. (The vote was called Robert Rosencrans - Yes, Lori Niedzwiecki -Yes, Nancy Moore - No, and Jeff Richardson - No).

Upon a motion by Jeff Richardson, seconded by Nancy Moore it was:

MOVED: That the officers would be: Lori Niedzwiecki - Co-President, Nancy Moore - Co-President, Jeff Richardson - Secretary and Robert Rosencrans - Treasurer. (The vote was called Robert Rosencrans - No, Lori Niedzwiecki - No, Nancy Moore - Yes and Jeff Richardson - Yes).

Upon a motion by Robert Rosencrans, seconded by Lori Niedzwiecki it was:

MOVED: That the officers would be selected by drawing names from a hat in the following order: President, Vice President, Secretary, Treasurer. (The vote was called Lori Niedzwiecki - Yes, Nancy Moore - No, Robert Rosencrans - Yes, and Jeff Richardson - No).

Since the Board is deadlocked with regard to the selection of officers, the issue was tabled.

HOA Office Use by First Services

Ms. Johnson stated that the previous Board Members voted in the January 2018 Meeting that there should be no management companies occupying offices in the HOA Office except for the current managing agent for the Myrtle beach Resort HOA, which is Empress Management. Mr. Lee stated he will review the December and January meeting minutes and make recommendation to the Board.

Allegiant Contract Issues

The Board has discussed that Allegiant is not adhering to the terms of their lease with Myrtle Beach Resort. Nancy Moore stated that she is concerned as they are not adhering to the lease and a previous group of Board Members signed an extension with Allegiant which commences on January 1, 2019. She stated that the B Building and Renaissance Tower sent Allegiant a letter advising them of funds that are owned to the MBR HOA which were documented in the Scott & Company Forensic audits for the periods 2011 and 2014 that were prepared for Renaissance Tower and B Building. Mr. Lee advised the Board there is a three-year statute of limitations and a six-year statute for fraud. He requested that the information be forwarded to his office so it can be reviewed.

2019 Operating Budget

The Board discussed the letter from Sarah Morrow of Empress Management. Ms. Morrow advised the Board that she is very concerned because the association has not collected appropriate funds for the operation of the association in 2018 and they adopted the same budget for 2019 which is also deficient for operation. Upon a motion by Lori Niedzwiecki, seconded by Robert Rosencrans it was:

MOVED: To fully fund the 2019 operating budget for the replacement of all the reserve funds and further to fund for full property security and trash collection for all sub-regimes. (Call for the vote: Robert Rosencrans - Yes, Jeff Richardson - No, Nancy Moore - No, and Lori Niedzwiecki - Yes).

Lori Niedzwiecki stated that the removal of the gate pass fess was never voted on and they should be re-implemented, as this has created a \$290,000 shortfall. Jeff Richardson stated that the Master Board signed a contract with a security company who stated they would not be responsible for collecting gate fees. He further stated that Renaissance Tower agreed to drop the lawsuit if the gate pass fee was discontinued, and there was \$5,000 set aside to appeal the decision. Jeff Richardson informed the Board that the MBR HOA would be responsible for the payment of taxes on the gate fees collected.

Upon a motion by Robert Rosencrans, seconded by Lori Niedzwiecki it was:

MOVED: *To levy a Special Assessment for the gate pass shortfall in the 2019 budget of \$290,000. (Call for the vote: Robert Rosencrans – Yes, Lori Niedzwiecki – Yes, Nancy Moore – No and Jeff Richardson – No).*

Sarah Morrow updated the Board with regard to the operating funds as of October 2018. She stated that the Association is short \$353,000 in operating funds. Upon a motion by Robert Rosencrans. Seconded by Lori Niedzwiecki it was:

MOVED: *To levy a Special Assessment for the current shortfall of \$353,000. (Call for the vote: Robert Rosencrans – Yes, Nancy Moore – No, Jeff Richardson – No and Lori Niedzwiecki – Yes).*

Jeff Richardson suggested that the reserve funds collected thus far in 2018 could be transferred to operating to reduce the shortfall. Robert Lee stated the Association can not do that as those funds were already allocated to reserves.

Robert Rosencrans stated that the delinquent sub-regimes dues should be paid in full to the Master Association and this will reduce the shortfall. Upon a motion by Robert Rosencrans, seconded by Lori Niedzwiecki it was:

MOVED: *To direct management to send a 10- day demand letter to the sub-associations that are delinquent in the MBR HOA dues, and to require payment in full by December 31, 2018. (Call for the vote: Lori Niedzwiecki – yes, Nancy Moore – Yes, Robert Rosencrans – Yes, Jeff Richardson – No).*

Nancy Moore stated that the OFS dues were withheld as the association was not receiving trash collection service or security service even though the OFS Association was making monthly dues payment. Mrs. Moore stated that she had addressed this on numerous occasions with previous Master Board Members and First Services Management personnel including Jack Boselli. She reported that she has all of the documentation in this regard. Upon a motion by Robert Rosencrans, seconded by Lori Niedzwiecki it was:

MOVED: *The Master Board will review the expenses paid in 2017-2018 by the sub-regimes for trash services not received as well as security services not received. The Master Board will make an equitable decision with regard to reimbursement from the MBR Master Association. (Call for the vote: Robert Rosencrans – Yes, Lori Niedzwiecki – Yes, Nancy Moore – Yes and Jeff Richardson – Yes).*

The Board requested a copy of the current association rules and regulations. Discussion ensued regard the late check ins for Myrtle Beach Resort Vacations Rental Office, and they

determined that the guards checking in MBRV guests would end effective December 31, 2019.

Mrs. Moore stated that she has reviewed the MBR water invoices and she stated that Allegiant is using the B Building water supply for the showers at the Quarterdeck. She further stated that Allegiant is using the B Building water and electricity in the operation of their laundry room on the first floor of B Building. Nancy Moore stated that there was a resolution 2-3 years ago that all vendors had to pay for their utility use. Mrs. Moore also stated that MBR is paying for the water for the 2 bathrooms at the back of the HOA office.

The Board has scheduled a Special Board of Directors Meeting on Saturday, January 12, 2019 at 9:00 AM in the B Building Conference Room.

Upon a motion by Nancy Moore, seconded by Robert Rosencrans and unanimously carried it was:

MOVED: To adjourn the Meeting at 11:14 PM.

Prepared by Empress Management for:

Nancy Moore, Association Secretary

Kenneth Moss, Association President