

Sands Ocean Club Newsletter - August 2015

Sand Ocean Club together with Ocean Annie's has long been an iconic destination for Myrtle Beach vacationers. Since 2009 much of our enjoyment has been tarnished by lower property values and lower rental income. Many of us have long wondered when this will turn around. 2015 appears to be that year. No, we are not bouncing back to the days of 2008, nor are we likely to in the near future. We are seeing better occupancy and higher rates and the trend seems to be continuing in that direction.

Completed Improvements...

We have made some significant improvements to help this along. These include a complete renovation of our indoor pool and lunchtime outdoor dining area, a complete renovation of our balconies including all-new balcony and deck railings, and an extensive structural renovation of our main parking garage. We have now completely renovated all elevators except those in the Executive Tower that are still within their expected useful life. We have added experienced and highly skilled management in our maintenance and housekeeping department's together with a more than 20% increase in seasonal housekeeping salaries. This last change has enabled us to attract more experienced and skilled staff members in both of those departments. Our overall ranking on Trip Advisor has improved and continues to move in the right direction. Complaints centered on housekeeping and maintenance deficiencies are now very rare. We continue to receive complaints concerning the interior furnishings of a number of our units. Often we read that they appear to contain the original furnishings and look like something from the 70s. Such comments are damaging to the entire reputation of our resort. Those of us in management have devoted a great deal of discussion to finding the best way to address and resolve this issue. We fully realize that after six or seven years of recession, many owners are having difficulty with making a substantial investment in upgrading and renovating their unit or units.

Planned Improvements...

We believe that correcting this problem requires a two-fold approach. It includes both the homeowners association and individual owners. The curb appeal of our building is now greatly improved, especially on the exterior, but many common area deficiencies remain. These include our main entrance doorways, our ground floor flooring, and our resident core doors, including unit entry doors, outdated and worn-out entry door locks, hallway flooring and hallway wall treatments. These elements are a very important part of ones first impression when checking into our property. We are now completing plans and looking forward to adoption of a complete modernized renovation of these areas. It will include new entry doors for each unit and new entry door locks on each door. These locks are controlled by an RFID key. All that is required to unlock the door is to hold the key in close proximity to the lock. These locks also contain a functioning Standard key lock for owners who may live at the property for rent privately. All locks will be owned and maintained by the Homeowners Association in order to more easily facilitate compliance with the South Carolina Innkeeper's Act. The plan also includes replacement of corridor flooring with new high-grade commercial carpeting and tile. Oak chair rail molding will be installed along all corridor walls and a new tone paint treatment will be applied. Our initial concept designs are leaning toward a driftwood finish on both the entry doors

and the chair rail molding with a complimentary nautical Color scheme to be used on the carpeting and walls. The ground floor of our main building will receive all new tile as well as new furniture will be purchased for our main lobby and the elevator lobbies on each resident floor. Finally, the plan includes replacement of our main entry doors and several ground-floor interior doors. This program, a spreadsheet description of each of its elements, and a full-scale mockup should all be available for your consideration at our annual meeting in October.

One important consideration has been finding a way to make these improvements without causing an increase in our dues. We now believe that we have this most important element accomplished and pending Board approval will present this information at the annual meeting and/or in future newsletters.

Getting Better Reviews ...

Finding a way to fulfill the need for renovations in individual units has been an even greater challenge. Sadly, and we believe unfairly Trip Advisor reviews all units at Sands Ocean Club under one name regardless of whether they are part of the in-house rental operation, rented by a third-party company, or rented directly by the owner. Any negative comment, regardless of its origin, has a negative effect on all of us. We have met with their representatives on several occasions in an effort to change this practice and will continue to do so. The only apparent remedy is to require each entity to market under its own separate name. Beyond that we have some changes that we believe will greatly benefit those units on our in-house rental program and those desiring to be. This includes the development of a separate division to provide rentals for those units with a consistently lower grade. We would begin marketing some of these units on a weekly rental basis which is a large and lucrative market, but unlike other weekly rentals would include better housekeeping services, better maintenance, and a full set of hotel amenities. We believe this would offer the owners of those units the best potential rental revenue at a lower rental commission rate. Additionally, we would begin providing qualified owners with financing options and participation by the in-house rental company to assist them in making upgrades to improve their rental income. Marketing these units separately would open a new market, provide them with a better income, and separate their reviews from those units with a higher grade.

In order to get your input, thoughts, and opinions, we will host a luncheon on Friday, the day before the annual meeting. We invite all homeowners to attend whether you are currently on the in-house rental program or just curious about exploring all the available options. You will receive an invitation in the mail prior to the annual meeting.

Rules to Help Us Work Together...

Sands Ocean Club is a wonderful home at the beach, but it is also one of the largest homeowner associations in the state of South Carolina and a rather large business. Together with our Board of Directors, we are always working to improve and enhance all three aspects of this resort. We have a great degree of diversity among the interest of our many homeowners and we are committed to doing all we can to address and satisfy them. Unfortunately, satisfying one

person's wishes often creates dissatisfaction with others. As in any entity this size, our overriding responsibility is to move in a direction that provides the most benefit for the majority of our owners.

Recently (over the past couple of years) we have been forced to confront a number of situations that presented a real threat to the general reputation of our resort. These involved units being rented by third-party companies or individuals as well as outside contractors hired by individual owners to perform certain tasks at our resort. The problems have included damage to plumbing, electrical systems, our roof and other areas of the common elements. These damages became an expense to all of us and that is patently unfair. We have also had employees of certain of these various entities that engaged in breaking into other units and making an illegal use of those units as well as removing homeowner's private property. Recently, such a person was involved in an alleged serious rape incident which received significant press coverage in our local newspaper. All of us expect to have safety and security for our condominium units, our possessions, and ourselves. We have a good security team and an extensive video camera system. As a result, when the acts occur, the persons responsible are often caught, but a great deal of management time is then spent dealing with the disposition of these issues. Time that would be far better spent dealing with regular duties and responsibilities. Again, we all end up paying for this.

In response to this situation, the Board of Directors instituted an Approved Vendor policy. This policy requires every company and individual doing any kind of work or conducting any kind of business at the property to register with the homeowners association and provide proof of all required licenses, Liability and Worker's Compensation insurance, and tax compliance information. Any contractor who is found to have caused damage and failed to make repairs and/or restitution or any person found to have been in violation of the law is subject to losing their Approved Vendor status and their right to do business or perform services on the property. While this is no guarantee that damage or violations may not occur, it does go a long way to ensuring that only those responsible will bear the burden for their mistakes. These are policies utilized by many other resorts along the Grand Strand. It is our hope that these policies will be welcomed and embraced by all owners and will be followed in a spirit of cooperation.

Disposing of Our Trash...

One issue that we would like to bring to everyone's attention concerns the disposal of trash generated in each unit. The homeowners association is responsible for trash removal in the common elements. That includes the exterior grounds, ground floor, and hallway corridors. It does not include trash generated within the individual condominiums. Each owner is individually responsible for transporting this trash from their unit to the dumpster located outside adjacent to the restaurant kitchen entrance. If your unit is a member of the in-house rental program or perhaps a third party rental program then this service is often provided by your rental agent. If it is not provided by someone in your employ, then you or your guests are responsible for transporting this trash to the dumpster. It is not acceptable to leave this trash in bags outside your unit door or to attempt to place it in hallway trash containers. You can only imagine an owner's or rental guest first impression getting off an elevator and looking down a hallway littered with trash. No level of hallway renovation would be of any benefit to us if this were allowed to occur. Everyone expects to see early morning housekeeping operations, but beyond that, hallways

should appear neat and clean, and free of trash bags. Everyone's cooperation is appreciated and in doing so we all benefit.

Summary...

Hopefully, we are at the precipice of an improving economy and an improving future for our property values in rental income. We have fared better than many of our neighboring properties during these difficult years. We have assets and amenities that satisfy and excite those wishing to spend time at the beach. Our plans and current direction stand to improve significantly upon what we already have. Working together as a community with a common cause is essential to fulfilling our goals. Communication is extremely important in building that sense of community. Accordingly, we are instituting a practice that has been absent for the past several years. That is to provide each of you with a monthly newsletter, this being your first. In the past we used the Postal Service to deliver a paper copy to each homeowner monthly. For those who prefer it, we will continue to do so, but for as many as possible, we would like to send you these newsletters via e-mail. E-mail provides a better avenue to include pictures, videos, and Internet links. If you are interested, we urge you to contact the Homeowners Association office and provide them with your e-mail address. They can be reach at 843-449-2204 Monday through Friday 9am -5pm.

Thanks for your kind attention,

Lee J. Rawcliffe

About the author:

For over fifteen years Lee served as Property Manager for Sands Ocean Club. In 1991 Lee formed Island Investments and purchased seventy-eight units at Sands Ocean Club. In 2005 he left the position of Property Manager to head the buy-out of the in-house rental program and Commercial Units, forming Island Resort Company. In 2006, Island Resort Company purchased the in-house rentals and Commercial Units at Sands Beach Club, our sister property on Shore Drive. Lee is the principal owner and CEO of Island Resort Company.

In 2008 Lee purchased the remaining properties of Sands Resorts and

assumed the position of CEO. In 2015, after several more acquisitions, Lee made a decision to begin "slowing down" and refocusing on his loves, Sands Ocean Club and family. The staff and Owners at Sands Ocean Club have always been an important part of that family and Lee looks forward to keeping you informed of our growth and progress.