

Proposal to Santee Cooper re. adjustments to monthly lease payments  
Jan 6, 2021

Dear Bryan and Carlita,

In the proposed agenda for our November 2020 meeting (which you forwarded several days in advance), we were pleased to see one of the listed goals as ***“Evaluate programs where HOAs can utilize a reduced maintenance rate after meeting the initial lighting contract.”***

We were looking forward to that discussion. Sadly however, although your rate specialist, Mike Smith, took substantial time detailing the intricacies of your current rate structure, it only provided Santee Cooper’s rationale for continuing to charge existing lease rates ***in perpetuity!***

It’s important that we move past that discussion and focus on finding a mutually agreeable solution to achieve the agreed-upon goal stated above, a program ...***“where HOAs can utilize a reduced maintenance rate after meeting the initial lighting contract.”***

For Plantation Lakes and many other HOAs with whom we are collaborating, ***THAT is our principal focus...our primary objective!*** We respectfully request that it be given due consideration at our upcoming January 14<sup>th</sup> meeting.

Following extensive discussion, we’ve prepared a worksheet (attached) that we believe addresses known elements of initial cost, ongoing expenses, and debt service for Plantation Lakes. (Carlita, you will recall providing us in Oct 2019 with the \$717,000 initial system cost which includes the underground wiring infrastructure.)

As stated in the worksheet, “Annual Expenses” are an attempt to provide generous, good faith estimates in each listed category and can be refined should specific data be provided by Santee Cooper or other reliable source(s).

Our records document that we at Plantation Lakes have been seeking a more equitable lease arrangement with Santee Cooper for ***at least three years now***. Periodically, other HOAs have made similar, equally unsuccessful attempts.

However, we now have a unique window of opportunity to identify a mutually acceptable solution! Let’s first work through the Plantation Lakes data and reach consensus on the length of time to pay back the initial system costs and what the adjusted lease payments should be going forward. At our upcoming meeting, we’re prepared to discuss how this could be relevant as well for HOAs of different sizes and with different poles and fixtures.

We look forward to our January 14<sup>th</sup> meeting...an opportunity to creatively explore real solutions that are both equitable and realistic!

Sincerely,

~ Bob Sweet

Chairman, Street Lights Committee  
Plantation Lakes POA

**STREET LIGHTS**  
**ANNUAL EXPENSES and DEBT SERVICE**

*Location: Plantation Lakes POA*  
*Lights owned and serviced by: Santee Cooper*  
*Original value of system as provided by Santee Cooper: \$717,000*  
*Number of outdoor light poles: 220*

**ANNUAL EXPENSES:**

Insurance *	\$6,000
Maintenance * (25 lights/year@ \$325/light)	\$8,125
Interest * (6% average; diminishing principal)	\$21,500
Management, Overhead *	<u>\$5,000</u>
<b>TOTAL</b>	<b><u>\$40,625</u></b>

**DEBT SERVICE:**

Annual lease payment (\$7,700/mo x 12)	\$92,400
Less annual expenses	- <u>\$40,625</u>
<b>Annual amount available for debt retirement</b>	<b><u>\$51,775</u></b>

**RECOMMENDED MONTHLY PAYMENTS FOR LEASE AND ENERGY COSTS:**

Adjusted lease payment (Insurance, maintenance, mgt, overhead)	\$1,594
Energy/electricity (no adjustment needed)	+ <u>\$1,100</u>
<b>Total adjusted payment:</b>	<b><u>\$2,277</u></b>

**NOTES:**

- \* "Annual expenses" are an attempt to provide generous, good faith estimates in each listed category. These figures can be refined should specific data be provided by Santee Cooper or other reliable source(s).
- Number of years to pay off the initial cost: **13.85 years** (\$717,000 divided by \$51,775/year)
- \$92,400/year x 13.85 years = **\$1,279,740**. Total amount paid to Santee Cooper, enabling them to recoup **estimated total costs**. This is 1.78 times the original value of the lighting system.

Updated: 10/8/2020