

**Community Service Associates, Inc.**  
**Minutes of October 28, 2008 Board Meeting**

President Jinkins called the October meeting of the CSA Board of Directors to order at 12:00 p.m., in the CSA Conference Room. The meeting went into Executive Session to conduct a conference call with Attorney Trenholm Walker, CSA's legal counsel in the Sea Pines Country Club litigation.

**1. Roll Call**

Present:	Pat Jinkins	Bob Gossett	Steve Birdwell
	John McLauchlin	Kathy Carter	Don Sigmon
	Don Carlson	Norman Harberger	George Minot
	Bob Sowers	Cary Corbitt	Audrey King
	Bob Hattersley	Mike Hellman	

Absent:	Mark King	Mike Lawrence	Paul Aikman
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Staff:	Cary Kelley	William Leitner	Jeanne Pearse
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Once the conference call was completed, the regular portion of the meeting was called to order at 12:50 p.m.

Mr. Minot made a motion to write to McNair Law Firm and ask them to apply to the court for a Summary Judgment to determine if the CSA Board has the right to set the Gate Pass Policy and charge fees for access. McNair will also be asked to determine if the access rights of Sea Pines Company transferred with the sale of the Sea Pines Country Club. Mr. Hattersley seconded the motion and it was unanimously passed.

It was subsequently decided to postpone writing to McNair Law Firm until the legal counsel for the Club had sent the official letter of demand.

Mr. Hellman made a motion to have Mrs. Jinkins, Mr. Birdwell and Mr. Harberger serve as CSA's representatives if settlement discussions with the Club move forward.

## 2. Approval of the Meeting Minutes

Board members reviewed the September 23, 2008, meeting minutes. A motion was made by Mr. Hellman and seconded by Mrs. Carter to approve the minutes as amended. The motion was unanimously approved.

Board members reviewed the October 8, 2008 special board meeting minutes. A motion was made and seconded to approve the minutes as amended. The motion was unanimously approved.

Board members then reviewed the October 14, 2008 special board meeting minutes. A motion was made and seconded to approve the minutes as submitted. The motion was unanimously approved.

## 3. Report of the Executive Vice President - Cary Kelley

a. **Security Issues** – The Security report was reviewed and discussed.

b. **Proposed Acceptance of Road Maintenance** – Mr. Kelley said he planned to submit a recommendation concerning the terms under which CSA could accept maintenance responsibility for some roadways currently under the jurisdiction of individual POAs.

## 4. Finances

a. **September Financial Statements** - The Board reviewed the current financial statements. The overall financial position remains favorable. Interest income is \$112,000 below budget, but there will still be a sizeable operating surplus for potential transfer to the Reserve Fund.

b. **Finance Committee Recommendation for Commercial and Residential Assessments** - Mr. Minot, Chairman of the Finance Committee, referred to a comprehensive report that had been included in the Board package concerning assessment practices. The Committee concluded that the 1974 Covenants require that the assessment paid by a commercial entity, or the Resort, must at least equal a minimum figure based on cumulative CPI if their revenue-based assessment falls short of that minimum. Mr. Minot recommended adoption of the report's recommendations.

Discussion followed concerning the specific wording of the 1974 Covenants and the intention of the particular provision the Committee had focused on. It was pointed out that a different interpretation of this particular CPI reference has been consistently followed ever since the 1974 Covenants were adopted. Following discussion, it was decided to table any action on the Finance Committee report.

c. **Proposed 2009 Budget**– A revised copy of the proposed 2009 Budget was included in the Board package. The Finance Committee recommended approval of the budget as presented. Questions were raised about the appropriateness of adding the proposed Property Inspector position under present uncertain economic conditions. It was decided that the budget should make provision for this previously-approved position, but that the position should not be filled until the Board is satisfied that it is prudent to do so based on financial circumstances. A motion was made by Mr. Carlson and seconded by Mr. Sowers to approve the proposed budget for 2009, including provision for the Property

Inspector position, but with the understanding that this new position is not to be filled until the Board authorizes that action. The motion passed with Mr. Hellman opposing.

**d. Recommendation for Funding Repairs on Two Major Bridges** – The Finance Committee recommended that the Board authorize expenditure of funds for two bridge projects recommended by the Maintenance Committee. This work, as described below, will bring these bridges up to safety and noise standards.

Pine Island Bridge – add 6”x6” curbing and replace road decking = \$22,230  
Deer Island Bridge – replace walking bridge rails and road decking = \$27,722

Total Cost = \$49,952 less \$5,500 discount if work completed in 2008

Mr. Minot made a motion to approve the expenditures as stated above. The motion was seconded by Mr. Harberger and was unanimously passed.

**e. Proposed Standardized Response Letter for CSA’s Financial Stability** – Mr. Minot said he has received a lot of inquiries regarding the impact of the stock market decline on CSA’s financial stability. A letter had been drafted addressing those concerns, and Mr. Minot asked the Board to authorize the use of that letter, updated as necessary, in response to property owners’ inquiries. Mr. Carlson made a motion to approve the use of the letter in response to inquiries. Mr. Sowers seconded the motion and it was unanimously passed.

## **5. Discussion Topics**

**a. Gate Pass Committee Update** – Mr. Carlson distributed a report of the Gate Pass Policy Committee covering their meeting held on October 20, 2008. The Committee first looked over the current Gate Pass practices in comparison to the Gate Pass Policy that is Exhibit D to the 1988 covenants. The main matters discussed were: who is entitled to free access and implementation issues relating to persons attending group events.

Persons attending “Civic, Cultural, Religious or Educational” events can potentially have free access, but there is no specific definition of how broadly this is to be interpreted. Some charitable events have also received free access, but that area also needs clearer definition. Mr. Kelley is to develop recommendations in this connection and a process that is easier for staff to implement.

Another issue has to do with group events hosted by property owners. Participants in events actually sponsored and hosted by a property owner have free access; but it is not intended that property owners should be able to serve as a stand-in sponsor for events actually sponsored and paid for by outside parties. While this has not been a major problem, it is important that staff have appropriate instructions in this connection. Mr. Kelley will prepare recommendations for review by the Committee.

b. **CSA Executive Vice President Performance Review** – Mr. Harberger distributed copies of the survey form to be used to collect Board-member impressions concerning Mr. Kelley’s Performance. The survey focuses on pre-established goals and key

indicators of effectiveness. Board members were asked to complete the survey form and return it to Mr. Harberger by November 7, 2008. Mr. Harberger will compile the results and report them, in executive session, to the Executive Committee and the Board in November. Mrs. Jinkins will then discuss the results with Mr. Kelley.

c. **Update on the Sea Pines Country Club Litigation** – The litigation is continuing. The Sea Pines Country Club has been contacted concerning potential settlement discussions.

The Board authorized the Chairman to inform property owners, by e-mail and letter, of the circumstances of this controversy and CSA’s position.

6. **Standing Committees**

Standing Committee reports were included in the Board package.

7. **Adjournment**

With no further business, the meeting adjourned for the day at 3:30 p.m. The next scheduled meeting date is Thursday, November 25, 2008, at 3:00 p.m. at the CSA Building.

Respectfully submitted,

Norman Harberger  
Secretary