

Community Service Associates, Inc.
Minutes of November 25, 2008 Board Meeting

President Jinkins called the November meeting of the CSA Board of Directors to order at 3:00 p.m., in the CSA Conference Room. CSA attorney Walt Nester was present to discuss the suit filed by Judge Maureen Coffey. A motion was made, seconded and passed to go into Executive Session.

1. Roll Call

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

Absent:	Don Sigmon	Mike Lawrence	Bob Gossett
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Guest:	Walt Nester, Esquire
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Staff:	Cary Kelley	Jeanne Pearse
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Mr. Nester left the meeting at 3:35 p.m. and the Executive Session ended.

Mr. Hellman made a motion to proceed as recommended by counsel in the Coffey litigation. Counsel is to contact Plaintiff's attorney and request dismissal of the lawsuit. If the request is not accepted, counsel is to file a countersuit charging frivolous litigation and violation of state statutes barring judges from filing lawsuits in response to citizen complaints of judicial misconduct. The motion was seconded by Mr. McLauchlin and was unanimously passed.

2. Approval of the Meeting Minutes

Board members reviewed the October 28, 2008 meeting minutes. A motion was made by Mrs. Carter and seconded by Mr. Hellman to approve the minutes as amended. The motion was unanimously approved.

3. Report of the Executive Vice President - Cary Kelley

a. Maintenance Committee Membership – The Maintenance Committee will lose several of its members at the end of 2008. Mr. Kelley asked Board members to solicit qualified and interested members to volunteer to serve.

b. **Proposed Acceptance of Road Maintenance** – Mr. Kelley submitted a proposed procedure describing the terms under which CSA could accept ownership and future maintenance responsibility for certain roads currently owned by individual POAs. Many residents of the affected POAs consider it unfair that they pay a full assessment to CSA, but do not qualify for community funds for road maintenance. Mr. Kelley’s draft procedure was discussed. Mr. Minot then made a motion to approve the proposed policy with the deletion of Line 3. The motion was seconded by Mr. Hellman and was unanimously passed.

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

d. **Engineer Road Study Update** – A brief preliminary report of the engineering firm’s findings on roadway conditions was included in the Board package. Mr. Kelley hopes to have a full report by the first week of December. He also noted that it may be desirable to carry out some road re-paving projects earlier than the current schedule calls for, to take advantage of the substantial drop in asphalt and fuel prices.

e. **CSA Building Renovation Update** – Preliminary drawings for a proposed Community Center area in the CSA Building were included in the Board package. Mr. Kelley explained how the proposed improvements would affect meeting rooms, traffic flow, handicapped access and the Six Oak Cemetery section. He asked that comments and suggestions be forwarded to him.

Mr. Kelley had also provided an updated summary of the usage of the existing Community Center. It appears that all activities and events held at the Community Center could be accommodated in the proposed space in the CSA building, with the exception of some activities immediately before and during the Verizon Heritage golf tournament.

f. **Town Letter/Open Space Encroachment on Calibogue Cay Road** - Mr. Kelley referred to correspondence from the Town of Hilton Head regarding an encroachment into CSA open space by a property owner on South Calibogue Cay. Specifically, the owner has built a seawall on CSA open space, and has replaced the wetland buffer vegetation with sod – a violation of the Town’s Land Management Ordinance. The Town has issued citations and these are pending in Municipal Court. Any action to remove the seawall must be initiated by CSA. Mr. Kelley reminded the Board that the neighbor adjoining this property had previously applied to CSA for a similar type of encroachment. That request was denied by the CSA Board.

Mr. Hellman made a motion to require the property owner responsible for the recent violations to remove the seawall within a time period acceptable to CSA. The motion was seconded by Mr. Carlson and was unanimously approved.

4. **Finances**

a. **October Financial Statements** - The Board reviewed the current financial statements. The overall financial position remains favorable. A copy of the quarterly investment summary was also included in the Board package for review.

It was noted that all the scheduled Special Projects have been completed except for the recently approved bridges. Materials for the bridge projects have been ordered.

It was reported that nine property owners have not paid their 2008 assessments. The delinquent accounts will be written off by year end.

b. Transfer of \$600,000 Into the Infrastructure Reserve Fund - The 2008 Budget called for a transfer of \$600,000 to the Infrastructure Reserve Fund at yearend if warranted by financial circumstances at the time. The Finance Committee now recommends execution of this transfer. Mr. Birdwell made a motion to transfer \$600,000 out of the Operating Account into the Infrastructure Reserve Fund. The motion was seconded by Mrs. Carter and was unanimously passed.

c. 2009 Budget Revisions – The Finance Committee recommends the following adjustments to the previously-approved 2009 budget:

- Assessment revenue adjusted to reflect actual 4.45% CPI increase.
- Cell tower revenue increased by \$2,000 based on amended agreement.
- Reserve interest income reduced by \$9,000 due to lower investment yields.
- Property replacement reserve fund increased by \$26,000 based on net changes to operating and capital budget.
- Capital purchases reduced by \$30,000 due to lower cost for GIS software.

The Board approved these changes. Discussion was held on the current status of the economy and how other businesses are reducing budgets and expenses. The Finance Committee will continue to monitor the effects of the economy on CSA's revenues and expenses, and will promptly notify Board if budgets or plans need to be changed

d. Recommendation for the CPI and Annual Assessment for 2009 – The Finance Committee recommends increasing residential property owner assessments by 4.45% for 2009, based on the CPI factor. The resulting assessment for undeveloped property will increase from \$525 to \$548, and from \$879 to \$918 for developed property. Mr. McLaughlin made a motion to approve a 4.45% increase in residential property owner assessments for 2009. The motion was seconded by Mr. Sowers and was unanimously approved.

5. Discussion Topics

a. Recommendation of the Nominating Committee for the Open Positions on the ARB – The Nominating Committee will defer its ARB nominations until the next meeting, which is likely to be a special CSA Board meeting in December.

b. Security and Maintenance Departments Standards and Goals – A draft copy of proposed goals and standards for each department were included in the Board package. Board members noted that the proposed Security goals had lots of information about expenses (new equipment, etc.) but little information about goals and standards, Board members made several suggestions which Mr. Kelley will incorporate in his revision of the goals and standards for the Security Department.

With respect to Maintenance, it was suggested that a goal be added relating to the trimming of trees along the roadways, including the removal of overhanging dead limbs. The contractors performing this work need clearer instructions and a closer oversight. It was suggested that photos be provided to the contractor with clear indications concerning what is to be done.

Anyone with further comments concerning goals should contact Mr. Kelley. These goal lists will be reviewed and updated on an annual basis.

c. **CSA Finance Committee Recommendations for 2009** – Mr. Minot, Finance Committee Chairman, referred to recent Finance Committee recommendations concerning assessment practices that are not specifically spelled out in the Covenants. These include cases where the use of a parcel, or the nature of ownership does not fit the “residential” or “commercial” categories where assessments are defined by the Covenants. The Committee seeks Board approval for the assessment practices applied in such cases – including any cases where a property is to be considered exempt from assessments. The Board determined that each recommendation must be acted on individually, and that today’s discussion should focus on those most likely to be resolved quickly. The ensuing discussion covered the following:

Recommendation 3.

This recommendation called for all property owned by the Sea Pines Museum and Forest Preserve Foundation and other tax-exempt organizations to pay an annual assessment. Several Board members spoke in opposition to the proposal. It was pointed out that the Sea Pines Museum and Forest Preserve Foundation seeks donations from property owners to make improvements and perform maintenance in the Preserve. Donors should not have their donations used to pay assessments into CSA’s general operating fund. Mr. Hellman made a motion to reject the recommendation. The motion was seconded by Mrs. Carter and a roll call vote was taken. The motion to reject the Finance Committee’s recommendation passed by a vote of 11-2. Mrs. Jenkins did not vote.

For

Mike Hellman
Kathy Carter
Norman Harberger
John McLauchlin
Bob Sowers
Bob Hattersley
Mark King
Cary Corbitt
Steve Birdwell
Paul Aikman
Audrey King

Against

George Minot
Don Carlson

Recommendation 4.

This recommendation focused on properties owned by the Marriott Ownership Resorts, Inc. The Finance Committee recommended that the annual assessments for these properties comply with the *Restatement and Modification of Non-Exclusive Easement*

and Conveyance of Rights, dated May 12, 1993. The Marriott Ownership Resort now pays the residential assessment for each unit rather than \$12.50 per week per owner as called for in the 1993 agreement. Following discussion, Mr. Minot made a motion that the CSA Board approve billing the Marriott Ownership Resort based on the \$12.50 per week per owner policy stated in the 1993 Agreement. The motion was seconded by Mr. Corbitt and was unanimously passed. Mr. Kelley will notify the Marriott Ownership Resort of the change.

Recommendation 5.

This recommendation asked that five listed properties which currently pay no assessments be required to pay an annual assessment unless they are otherwise exempt from assessments (e.g., exempt under a prior agreement). When it became clear that there was insufficient time for full discussion of this item, this and the remaining Finance Committee recommendations were tabled until another meeting. Mr. Minot, was asked to provide additional background information on the remaining recommendations prior to any further Board action.

d. Update on the Property Inspector Position – This item was postponed to a later meeting date.

e. Proposed Changes to the CSA By-laws (Draft) - A copy of proposed By-law changes was distributed to Board members. Mr. Hellman, noting the lack of time for discussion, asked that Board members direct comments or questions to him. Mr. Birdwell requested a copy of the proposals that shows both the existing and proposed language. It was agreed that all Board members should have the proposals in that form. Mr. Hellman will see that the requested document is prepared and distributed,

The Board discussed holding a special meeting in December to complete the unfinished business from today and to obtain an update on the legal issues before the holidays. Mrs. Jenkins will contact the Board members for possible dates in December.

6. Standing Committees

Standing Committee reports were included in the Board package. Mr. Carlson added that the Gate Pass Committee is still working on defining the types of events held in Sea Pines, and the criteria that might warrant waiver of gate fees.

7. Executive Session

The Board went into Executive Session to discuss personnel and legal issues at 5:05 p.m.

8. Adjournment

After the Executive Session ended and with no further business, the meeting adjourned for the day. The next scheduled meeting date is Thursday, January 8, 2009, at 11:30 a.m. in the Stewart Room of the Harbour Town Conference Room.

Respectfully submitted,

Norman Harberger
Secretary

