

Community Service Associates, Inc.
Meeting Minutes
January 23, 2007,

The January meeting of the Community Services Associates, Inc. Board of Directors was called to order by President Carbiener at 3:00 p.m. Mr. Lawrence and Mr. Martin attended via telephone.

1. **Roll Call**

Present:	Wayne Carbiener	Mike Lawrence	Don Carlson
	Pat Jinkins	Jim Young	Norman Harberger
	Joseph Fraser	Paul Aikman	Bob Gossett
	Bob Sowers	Kathy Carter	Gary Martin
	George Minot	Steve Birdwell	John McLaughlin
Absent:	John Trunck	Bob Hattersley	
Staff:	Cary Kelley	William Leitner	Jeanne Pearse

2. **Approval of the January 9, 2007 Minutes**

Board members reviewed the January 9, 2007 meeting minutes. A motion was made by Mr. Minot to approve the minutes as submitted. Mrs. Carter seconded the motion and it was passed unanimously.

3. **Report of the Executive Vice President** - Kelley

- a. **Sonberg Litigation** – Mr. Kelley reported that Mr. Sonberg has requested a meeting with ASPPPO, CSA and ARB representatives to discuss a possible settlement. The request is under consideration.
- b. **D&O Insurance** – CNA Insurance Company, D&O insurance carrier for ASPPPO, proposes to assign an attorney to defend the Sonberg litigation. Mr. Kelley pointed out that an attorney assigned on behalf of the insurance company may not place the same weight CSA does on defending the covenants. Mr. Kelley asked for the Board’s guidance in this connection. Following discussion, it was the sense of the Board that the McNair law firm should remain the sole counsel for CSA, ASPPPO and ARB in this matter, with Mr. Kelley keeping the Board apprised of developments. The matter of legal representation in any future litigation involving the covenants is to be determined by the Board on a case-by-case basis.
- c. **Community Center Staff Update** – Mr. Kelley reported that an effort had been made to find a volunteer coordinator for the lecture series at the Community Center. That effort was not successful, and Mr. John Deleba was then asked to add the lecture coordination function to his existing responsibilities at the Center. Mr. Deleba has accepted the added responsibilities.

- d. **South Beach Used as Staging Area** – Mr. Kelley reported that Hargray is providing fiber-optic cable to Daufuskie Island. They asked to use Parcel One at South Beach as a staging area for this work. All neighboring property owners were contacted and none objected. The appropriate authorities have also been contacted and have given their approval. Hargray agrees to make sure the Parcel One property looks the same after the project is completed as it did prior to the work. Work is scheduled to begin in March. Mr. Kelley will place a notice on the website and in the community newsletter.

4. **Finances**

The Board reviewed the financial statements. Revenue remains ahead of last year's figures at this same time. Payroll and Operating Expenses are under budget for the year. Cash balances are favorable. It was noted that:

- The audit is to begin next week.
- All but \$246 of the 2006 property owner assessments has been collected.
- The Community Center is over budget due an increase in the common area maintenance costs.

5. **Discussion Topics**

- a. **Standing Committee Appointments** – A proposed list of the 2007 standing committees and their rosters was included in the Board package. Proposed chairmen are: Capital Improvement and Maintenance Committee, Bob Hattersley; Commercial Committee, Bob Gossett; Finance Committee, Jim Young; and Security Committee, Bob Gossett. The Beautification Committee will become a subcommittee of the Maintenance Committee now that Sea Pines' 50th Anniversary is over.

Discussion was held on continuing the Covenant Revision Subcommittee. Mr. Minot thought the Subcommittee should be continued because the covenant revisions have not been completed. Mr. Carbiener noted that the Committee's work had been completed and approved by the Board. It is the negotiation process that remains unfinished, and the negotiation involves mainly ASPPPO, the Resort and the other commercial interests.

Mr. Carbiener noted that the Legal Subcommittee has also completed the task for which it was established and does not have to be continued.

Mr. Sowers made a motion to approve the list of standing committees and their Chairmen as presented. The motion was seconded by Mr. Carlson and was approved unanimously.

Discussion was held on the membership of the several committees. Mr. Young asked that Mr. Gerry Richards be added to the Finance Committee roster. Mrs. Carter said Mr. Hattersley wants her to be added to the Maintenance Committee roster.

Mrs. Jinkins asked if all the proposed committee members are eligible under the terms of the Committee Term Limit Guidelines. After being assured that they are eligible, Mrs. Jinkins made a

motion to approve the committee members including the proposed addition of Mrs. Kathy Carter to the Maintenance Committee and Mr. Gerry Richards to the Finance Committee. Mr. Young seconded the motion and it was passed unanimously.

- b. **Disaster Recovery Covenant Revisions** – Mr. Carlson reported that the ASPPPO Board would actively support the previously discussed changes to the 1974 covenants providing for a Special Assessment for disaster recovery and the change enabling the CSA Board to approve Annual assessments lower than the amounts imposed by the mandatory CPI increases that are currently specified. Mr. Carlson said the ASPPPO Board cannot support the proposed 0.25% transfer fee for funding reserves as currently drafted. ASPPPO believes the transfer fee requires further study, and that other sources of reserve funding also need to be better defined.

Mr. Carbiener had recommended more comprehensive covenant changes, including the 0.25% Transfer Fee (payable by purchasers of Sea Pines property) and an amendment to the \$5 Gate Fee Agreement committing 50 cents of the revenue from each daily or weekly gate pass to the Reserve Fund. Mr. Carbiener recommended that the referendum be structured so that property owners would vote separately on: a) the ASPPPO-supported provisions described by Mr. Carlson, and b) the Transfer Fee and Gate Fee provisions for Reserve Funding. That recognizes that a property owner might take different positions on these distinct changes.

ASPPPO representatives indicated they would oppose the referendum if structured as proposed by Mr. Carbiener because of their conviction that the arrangements for reserve funding need further work. Several Board members emphasized that Reserve Funding is essential to disaster recovery, and that the limited ASPPPO-endorsed amendments leave unfinished the task of covenant changes needed for disaster recovery preparedness. ASPPPO representatives said they agree on the importance of reserve funding, but are convinced the reserve funding provisions must be more thoroughly thought out and tightly defined before the community is asked to endorse them. Others disagreed with the need for further delay, and favored Mr. Carbiener's more comprehensive approach. Nevertheless, most considered it risky to go forward with a referendum that would be opposed by ASPPPO.

Mr. Carlson then made a motion that the CSA Board request the Sea Pines Resort (the Company) to approve or call a referendum to amend the 1974 Covenants, with that referendum being limited to the language concerning the Special Assessment and the change allowing the CSA Board the flexibility to authorize lower annual assessments than currently mandated.

Mrs. Jinkins seconded the motion. After further discussion a roll call vote was then taken. The motion passed by a margin of 11 to 2, as shown below:

Pat Jenkins	yes	George Minot	yes
Steve Birdwell	yes	Don Carlson	yes
Jim Young	yes	Joseph Fraser	yes
Norman Harberger	yes	Bob Gossett	no
Paul Aikman	yes	Kathy Carter	yes
Bob Sowers	yes	John McLauchlin	yes
Gary Martin	no		

Chairman Carbiener did not vote. Mr. Trunck and Mr. Hattersley were absent. Mr. Lawrence's phone connection was lost prior to the vote.

Mr. Carbiener said he will meet with Mr. Smoot to arrange for final revisions to the referendum draft consistent with the Board's resolution. He would hope to mail the referendum to property owners around March 1, 2007. Property owners would then have from 30-60 days to submit their votes. It should be possible to report the outcome of the vote at the annual meeting.

Don Carlson noted that John McLauchlin had prepared a draft of the Amendment and the Notice of Referendum consistent with the Board's resolution. He recommended that Mr. McLauchlin work with the Chairman and Mr. Smoot in preparing the final documents. The Chairman rejected the offer of Mr. McLauchlin's participation.

Several directors commented on the importance of solid support within the Board for the referendum. It was the sense of the Board that the communications process must be carefully planned and executed, and that professional help would be advisable. It was recommended that the unfinished business of Reserve Funding be covered in these communications, so property owners are prepared for a future referendum dealing with that matter. Mr. Carbiener said he would anticipate holding at least three meetings to answer property owner questions. The meetings would take place on a staggered schedule to accommodate the maximum number of property owners.

6. **Standing Committees** - A copy of the Finance, Maintenance and Security minutes were included in the board package.

7. **Adjournment** - With no further business, the meeting adjourned at 5:25 p.m. The next meeting of the Board is scheduled for February 27, 2007, at 3:00 p.m. in the CSA Board Conference Room.

Respectfully submitted,

Norman Harberger
Secretary