

Community Service Associates, Inc.
Minutes of the Special February 8, 2008 Board Meeting

President Jenkins called the special meeting of the CSA Board of Directors to order at 1:00 p.m., in the CSA Conference Room. She thanked everyone for making the effort to attend today's special meeting.

1. Roll Call

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

Absent: John Trunck

Staff: Jeanne Pearse

2. Review of the Reserve Task Force Article for the Community Newsletter

A draft of an article for the Sea Pines Newsletter had been distributed to the Board by email. Mr. Mclauchlin said this is simply the initial communication to property owners about the recommended reserve funding features.

Board members suggested that the draft clarify the connection and the distinction between the recently approved Special Assessment for Storm Recovery and the Infrastructure Funding recommended by the Task Force.

In the discussion that followed, it was noted that the Special Assessment would likely cover only the cost of debris removal and emergency repairs in event of a major storm. The new Infrastructure Funding focuses on predictable needs for replacement and restoration from normal wear and tear and obsolescence. The Task Force analysis shows that CSA should already have reserves of \$11.8 million toward these predictable replacement/restoration needs. Since our actual reserve funds total \$3.8 million, we are \$8 million short of the appropriate figure for normal replacement and restoration.

The funding gap would be far greater if we were faced with having to replace or restore assets prematurely because of major storm damage. So the potential for storm-related asset replacement adds urgency to the need to build our reserve funds.

It was agreed that the Newsletter draft should be amended to make these points clearer.

Board members again expressed support for the reserve funding measures recommended by the Task Force: a 0.25% Property Transfer Fee and a Temporary 10% Assessment Surcharge.

Board members were also in agreement that every effort should be made to make the reserve funding issues clear to property owners. Property owners should have access to all the reports and data relevant to their referendum vote. All means of communications should be utilized: meetings, the web site, reading materials at the CSA building and mail correspondence.

A lengthy discussion was held on how to describe the permissible uses of the funds from the new reserve funding sources. Mr. Mclauchlin and Mr. Minot felt it would be desirable for future Boards to have the ability to use these reserve funds for improvements as well as replacement and restoration. Others were concerned that property owners would want the funds to be restricted to replacement and restoration. Mr. Mclauchlin reminded the Board that this is our initial communication with property owners on this subject; it is designed to stimulate their questions and comments, and their questions and comments will help fine-tune our final decisions.

Mr. Carlson made a motion to approve the language in the newsletter draft with these changes: (1.) change the first sentence in the Second Paragraph to read, “Repair, replace and restore” instead of “replace and upgrade”;

(2.) In the second paragraph, third sentence, add the word “existing” before the word “assets” in the expression: to “upgrading these assets in the years ahead”; and

(3.) In the third paragraph, add language that makes clear the limited role of the Special Storm Recovery Assessment in case of a major storm, and the importance of the expanded reserve funds to fund recovery from a major storm.

Mr. Carlson’s motion was seconded by Mrs. Carter.

Discussion was held. Mr. Harberger suggested an amendment to Mr. Carlson’s motion to eliminate the insertion of the word “existing” in the Second Paragraph. Mr. Carlson accepted the amendment. Mr. Hellman seconded the amended motion and it was unanimously passed.

Discussion continued and Mr. Carlson recommended having a summary of anticipated infrastructure expenditures for property owners to review. The Reserve Task Force was also asked to provide, for the February 26th CSA Board meeting, a timeline and detailed communication plan for the steps leading up to a referendum – including written communications, property owner meetings, press release, etc.

Mrs. Jinkins said she, John Mclauchlin and Cary Kelley would meet with Attorney Bill Smoot to begin the drafting of covenant amendments.

3. **Adjournment**

The meeting adjourned at 2:00 p.m. The next scheduled meeting date is Tuesday, February 26, 2008, at 3p.m. in the CSA Board room.

Respectfully submitted,

Norman Harberger
Secretary