

Community Service Associates, Inc.  
Meeting Minutes held on  
May 30, 2006

President Carbiener called the meeting of the CSA Board of Directors to order at 3:00 p.m., in the CSA Conference Room.

1. Roll Call

Present:	Bob Sowers	Kathleen Speer	John Trunck
	Bob Bartlett	Jim Young	Kay Morton
	Norman Harberger	Don Carlson	Wayne Carbiener
	Joseph Fraser	Paul Aikman	Pat Jenkins
	Bob Hattersley		
Absent:	Bob Gossett	Gary Martin	Mike Lawrence
	Julius Scott		
Staff:	Cary Kelley	William Leitner	Cindy Gray

2. Approval of the Meeting Minutes - Board members reviewed the minutes of the April 25, 2006 meeting. A motion was made by Mr. Bartlett and seconded by Mr. Hattersley to approve the minutes as submitted. The motion was passed unanimously.

3. Report of the Executive Vice President - Cary Kelley

a. Re-design of the CSA/ASPPPO Website - Mr. Bartlett asked if the hit counter was in place. Mr. Kelley said the Network Administrator was absent and he would have the count for the next meeting.

b. The Town of Hilton Head's Beach Re-nourishment Program - Mr. Kelley reported that a temporary dune fence will be installed by the Town to serve as a buffer during the beach re-nourishment project. The fence will extend down to Tower Beach. The Town's attorney is drafting a maintenance agreement for the Land's End groin. Mr. Kelley will review the draft with the Maintenance Committee.

c. Newsletter/Website Items - Mr. Kelley mentioned that future newsletters and the website will include an employee recognition feature.

4. Finances

a. April Financial Statements - Mr. Leitner discussed the April Financial Statements with the Board members. Overall cash flow remains favorable compared to budget.

b. Community Center Overhead – A lengthy discussion was held regarding the usage of the Community Center and its high operational costs. The lease is due for renewal in 2009. Mrs. Morton said we should have a careful analysis of usage and cost data before making any decisions on renewing the lease. Mr. Kelley agreed to prepare such an analysis, and an evaluation of alternatives to the current arrangement.

#### 5. Discussion Topics

a. Update on the 1974 and 1988 Covenant Revision Status – Mr. Carbiener said no one at the Annual meeting objected to the special assessment or the Capital Reserve fee that was being proposed for storm recovery. Mr. Sowers asked when the real estate transfer (Capital Reserve) fee would be in place. Mr. Carbiener said the fee could not be initiated until all the details were worked out and the covenant revisions voted on and passed.

b. Prep School Lease - Mr. Kelley said he had not yet received the final survey showing planned facilities changes at Prep. He reported that we are required to post two signs in the buffer area; those signs are now being prepared. Mr. Young mentioned that under the renewed lease Hilton Head Prep will bring the road up to standard. Mr. Carbiener added that CSA will assume the maintenance of the road after the construction is completed. Mr. Young made a motion to approve the renewal of the lease for a twenty-year term as proposed. Mrs. Morton seconded the motion and it was unanimously passed.

c. Tower Beach Access - Mr. Kelley said CSA legal counsel has modified an earlier legal opinion which had concluded that owners of Spicebush and Swallowtail properties were not eligible for access to Tower Beach. On further review, Counsel now concludes that those property owners are entitled Tower Beach access. Following discussion, Mrs. Morton moved that the CSA Board accept the revised legal opinion allowing Tower Beach access to property owners of Swallowtail and Spicebush, and that Mr. Kelley notify Mr. King of this change, making clear that owners, but not renters, are entitled to access to Tower Beach. Mr. Young seconded the motion and it was unanimously passed.

d. DeSole vs. ARC – An opinion was received from legal counsel. Discussion was held.

#### 6. Standing Committees

a. Capital Improvement and Maintenance Committee – Mr. Hattersley said requests had been received from Carolina Place, Residents Club East and Residents Club West asking CSA to take over the maintenance of their roads. Mr. Hattersley moved not to accept the maintenance of the roads for Carolina Place, Residents Club East and Residents Club West. The motion was seconded by Mr. Bartlett and was passed with one member opposing.

b. Beautification Committee – Mrs. Morton noted that the recent repaving of the spurs off Heritage Road had left black marks on Heritage Road, which detracts from the appearance of the neighborhood. She suggested that spurs should be repaved at the same time as the primary road. Mr. Hattersley said this will be taken into consideration

when scheduling future repaving projects.

c. Finance Committee – \$10,000 for the 50<sup>th</sup> Anniversary Marketing – Mr. Young reminded the Board that CSA had previously budgeted \$10,000 for expenses relating to Sea Pines' 50<sup>th</sup> Anniversary, subject to specific approval of the use of these funds. It is now proposed that these funds be applied toward the cost of a 50<sup>th</sup> Anniversary video, copies of which will be sent to all property owners. An invoice has been received in that connection. Mr. Young made a motion to pay the invoice for \$10,000. Mr. Carlson seconded the motion and it was unanimously passed.

Line of Credit – Mr. Young said the current line of credit with Wachovia expires June 1, 2006. Mr. Young moved to renew the line of credit for the same amounts as last year: \$4,500,000 for disaster recovery and \$500,000 for general operations, an interest rate of 1.25% plus LIBOR, and a \$1,500 initiation fee. Mrs. Morton seconded the motion and it was unanimously passed.

d. Security Committee – A copy of the meeting minutes was included in the CSA Board package.

7. Board Member Comments - Mr. Carbiener asked that any comments regarding Mr. Kelley's annual employee review be directed to him before the next Executive Committee meeting.

8. Adjournment

With no further business, the meeting adjourned at 4:45 p.m. The next scheduled meeting date is Tuesday, June 27, 2006, at 3:00 p.m., in the CSA Conference Room.

Respectfully submitted,

Norman Harberger  
Secretary