

Community Service Associates, Inc.
Minutes of November 28, 2006 Board Meeting

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

2. Approval of the Meeting Minutes

Board members reviewed the October 24, 2006, meeting minutes. A motion was made by Mr. Scott and seconded by Mr. Hattersley to approve the minutes as submitted. The motion was passed unanimously.

3. Nominating Committee Recommendation for the ARB Alternate Member Position

Mrs. Morton reported that the ASPPPO Board has approved the immediate appointment of Ms. Ann Bannister as an interim CSA/ASPPPO Alternate on the ARB. Approval of the CSA Class A Directors is required for this appointment. Ms. Bannister would succeed Mr. Irwin Gumley in the alternate position for his unexpired term. Mr. Gumley's status changed from "alternate" to "regular" when Mr. Jack Docherty resigned. Mrs. Morton then made a motion that the Class A Directors approve the immediate appointment of Ms. Ann Bannister as a CSA/ASPPPO Alternate Representative on the ARB. The motion was seconded by Mr. Bartlett and was approved unanimously by the Class A Directors.

4. Report of the Executive Vice President - Cary Kelley

a. **Proposed Information Disclosure Policy** – Mr. Kelley distributed copies of the revised Information Disclosure Policy, as previously approved by the Board. The policy will also be posted on the website.

b. **Lease vs Purchase Analysis on Tub Grinder** – A cost analysis was included in the board package, which showed that purchasing a tub grinder would be more cost effective than leasing one. The board concurred with this conclusion.

c. **Policy for Gifts to Off-Going CSA Board Members** – Mr. Kelley requested a policy concerning gifts for outgoing Board members when they complete their terms. The ASPPPO Board recently discontinued such gifts. Mr. Bartlett made a motion to

eliminate the practice of providing gifts for outgoing CSA Board members. The motion was seconded by Mrs. Morton and was passed unanimously.

d. **CSA/ASPPPO Joint Luncheon and Organizational Meeting** – The Board discussed the practice of holding an annual luncheon at which incoming Board members are welcomed and outgoing members are thanked for their service. It was concluded that the luncheons should be continued, but with a simpler and less expensive sandwich and salad menu.

5. **Finances**

a. **October Financial Statements** - The Board reviewed the financial statements. Revenue remains ahead of last year's figures for the same period. Payroll and Operating Expenses are under budget for the year. Cash balances are favorable.

b. **Review of the Proposed 2007 Budget** – The proposed budget was included in the board package. Mr. Leitner summarized some of the key assumptions and guidelines.

Mr. Leitner noted that the increase in property owner assessments for 2007 will be 1.3%. That equals the percentage increase in the Consumer Price Index (CPI) for the twelve-month period ending October 31, 2006. The CPI increase was lower than we had previously expected.

Mr. Young made a motion to approve the 1.3% increase residential property owner assessments for 2007, with resulting assessments of \$857 for improved properties and \$512 for unimproved properties. Mr. Young noted that the 1974 Covenants specify that the assessment increase for the coming year is to equal the percentage change in the Consumer Price Index during the twelve month period ending the previous October 31. Mr. Young's motion was seconded by Mr. Bartlett and was passed unanimously.

Mr. Young made a motion to transfer \$600,000 into the reserve fund. The motion was seconded by Mr. Bartlett and was passed unanimously.

Mrs. Jenkins made a motion to approve the \$25 price increase for the 4 Wheel Commercial Decal, 6 Wheel Commercial Decal, 6+ Wheel Decal and the Non-Resident Decal. Mr. Lawrence pointed out that the motion relates to a Gate Pass Policy statement which has not yet been formally approved. The motion was amended to state that the price increase is contingent on the approval of the Gate Pass Policy Committee. The motion was seconded by Mr. Hattersley and was passed with Mr. Lawrence and Mr. Martin abstaining.

Mr. Young made a motion to approve the full 2007 budget as proposed. Mrs. Jenkins seconded the motion and it was passed unanimously.

6. **Discussion Topics**

a. **Discussion on the Proposed Amendment to the 1974 Covenants** – Mr. Carlson reported that the commercial and residential representatives have been working to reach a new agreement which both sides can support. No final agreement has been

reached yet, but Mr. Carlson expressed some optimism that an agreement might be reached by the December 31, 2006 deadline.

Mr. Carbiener said he asked Attorney Smoot for advice on the rules that would govern a referendum on changes to the 1974 Covenants. The opinion was requested because different referendum procedures apply to different covenants. Mr. Smoot advised that the referendum procedures set forth in the 1974 Covenants would govern in this case.

b. Discussion on the Decal and Gate Pass Policy Amendments - Mr. Bartlett made a motion to reopen Board consideration of the Decal and Gate Pass Policy Statement which had been tabled at a previous meeting. Mr. Hattersley seconded the motion and it was passed unanimously.

Mr. Hattersley then made a motion to ratify and approve the Decal and Gate Pass Policy Statement as previously presented, including the proposed \$25 increase of the commercial decal prices and the Non- Resident Decal, with the understanding that these policies do not take effect until approved by the Gate Pass Policy Committee. The motion was seconded by Mr. Bartlett and was passed with Mr. Lawrence and Mr. Martin abstaining.

Mr. Lawrence explained that he abstained from voting for the motion because the present version of the policy statement is subject to frequent misinterpretations and misunderstandings by Resort personnel and by employees of commercial entities. The Resort is currently working with Security Director George Breed to clarify and improve the statement so as to reduce these problems. He expects the Gate Pass Policy Committee to consider the policy when those clarifications are in place.

7. Standing Committees

a. **Capital Improvement and Maintenance Committee** – A copy of the Committee’s October minutes was included in the board package.

b. **Beautification Committee** – A copy of the Committee’s minutes was included in the board package. Mrs. Morton reminded the Board that the Committee was originally formed to beautify the plantation for Sea Pines’ 50th Anniversary, with the intention of disbanding thereafter. She now recommends the Committee be continued, based on the positive benefits it has produced.

Mr. Sowers noted that the green lattice around some of the electrical boxes was not removed when new plantings were put in. Mr. Kelley said he would see that the lattice is removed. In response to a further question from Mr. Sowers, Mr. Kelly said the additional plantings stemming from the Beautification Committee’s work has resulted in some increase in overall maintenance costs.

c. **Security Committee** - A copy of the Committee’s minutes was included in the board package. Mr. Gossett noted that that Sea Pines has one of the lowest rates among the Island’s gated communities based on the most recent report of crime statistics for Hilton Head Island. He commended the security staff for this achievement.

d. **Finance Committee** – A copy of the Committee’s minutes was included in the board package. Mr. Leitner requested approval to engage Robinson Grant, P.A. to handle the CSA audit for 2006 at a cost of approximately \$22,000. Following discussion, Mr. Young made a motion to approve the CSA audit contract and the associated expenditure. The motion was seconded by Mr. Bartlett and was approved unanimously.

8. **President’s Comments**

President Carbiener thanked and commended Bob Bartlett, Kay Morton and Julius Scott for their dedication, contributions and their hard work for the Sea Pines community. All three are completing their three year terms on the CSA Board.

9. **Board Member Comments**

a. **Community Center Task Force** – Mr. Hattersley said the group met again and is evaluating the various options. Sea Pines Resort has mentioned the Heritage Farm location as a possible site for a community center.

b. **Sea Pines Resort’s Transfer of Forest Preserve Property to CSA** – Mr. Bartlett inquired about the status of the transfer of the Forest Preserve property to CSA. Mr. Lawrence assured the Board that Riverstone is fully aware of the transfer obligation. The only question is when and how the tax benefit of the actual property transfer can be captured, either by the Sea Pines Resort or another Riverstone entity. This matter is under active review.

10. **Adjournment**

With no further business, the meeting adjourned at 4:45 p.m. The next scheduled meeting date is Tuesday, January 9, 2007, at 11:30 a.m., in the Harbour Town Conference Center. Lunch will be served followed at the organizational meetings for CSA and ASPPO.

Respectfully submitted,

Norman Harberger
Secretary