

**Community Service Associates, Inc.**  
**Minutes of May 22, 2007 Board Meeting**

President Carbiener called the May 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
	George Minot	Kathy Carter	Joseph Fraser
	John McLauchlin	Don Carlson	Mike Lawrence
	Steve Birdwell	Jim Young	Norman Harberger
	John Trunck		
Absent:	Gary Martin	Bob Gossett	Bob Sowers
	Paul Aikman		
Staff:	Cary Kelley	David Henderson	William Leitner
	Jeanne Pearse		

**2. Approval of the Meeting Minutes**

Board members reviewed the May 1, 2007, meeting minutes. A motion was made by Mr. Minot and seconded by Mrs. Carter to approve the minutes as amended. The motion was passed unanimously.

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

a. **Mitigation Plan for the Sea Marsh Golf Course/CSA Open Space (Draft)** – Mr. Henderson outlined CSA’s preliminary mitigation plan for open space areas impacted by the Sea Marsh project. The plan is designed to meet the required mitigation objectives while also improving wildlife habitat, adding color and improving appearance. An effort has been made to avoid planting trees in locations where their increasing size will create future problems. The CSA plan calls for more trees than the Town requires, but a different mix of trees. The Town of Hilton Head has estimated that the CSA plan for Open Space plantings might meet 60% of the overall mitigation goal the Resort is responsible for, with the rest of the mitigation taking place on Resort property. Another meeting is scheduled between CSA, the Resort, and the Town later this week. Once a plan is finalized among those parties, it will be brought back to the CSA Board for approval. The Beautification sub-committee will also be notified of the plan and Gerry Schroeder will be asked to put it on that committee’s agenda.

b. **Renewal of the Line of Credit with Wachovia Bank** – The Finance Committee recommended renewal of the Wachovia line of credit as outlined in the CSA Board package. Wachovia’s proposal increases the total line of credit from \$5 million to \$6 million dollars.

Following discussion, Mr. Lawrence made a motion to approve the proposed \$6 million line of credit, with \$1 million being secured with insurance and the other \$5 million being unsecured, at a total renewal fee expense of \$1500. The motion was seconded by Mrs. Jinkins and passed unanimously.

**c. Town's Debris Management Policy Recommendation** – Mr. Kelley distributed a memo that had recently been given to all of the Island's community managers from the Town's Disaster Recovery Commission. The memo outlines the Commission's recommendations to the Town.

The Commission recommends that the Town take responsibility to initially clear roadways by pushing storm debris to the roadsides Island-wide. Removal of these debris piles would follow, again at Town expense, but subject to availability of funds. Any remaining debris removal would be a property owner responsibility. The Town has moved \$12 million in funds originally set aside for beach re-nourishment to a Disaster Recovery Reserve fund. This reserve fund will collect interest and the Town is seeking ways to augment the funding.

Mr. Kelley said the Town intends to give equal service to all the various Island communities. One key objective is to have an efficient distribution of collection sites within the private communities to minimize overall cost. Currently, our locations are the Heritage Farm and the Lawton Stable area. Mr. Kelley will be updating the MOA with the Town to add additional sites in the next couple of weeks.

#### 4. **Finances**

**a. April Financial Statements** - The Board reviewed the financial statements. The overall financial position is favorable. Revenue is ahead of the budgeted figure. Expenses are under budget for the year-to-date. Some of the favorable expense variance is a matter of timing and should balance out by the end of the year. Mr. Leitner said interest rates available on new CDs are dropping and are now at a little over 5%.

**b. Approval of Financial Audit** – Board members received a draft copy of the Independent Auditor's Report financial statements prior to the meeting. Mr. Leitner noted a few minor changes that appear in the final document. A brief discussion was held and Mr. Hattersley made a motion that the CSA Board accepts the Auditor's Report. The motion was seconded by Mr. Young and was unanimously approved.

**c. Beautification Sub-committee's Request for Funding** - The Finance Committee recommended approval of a Beautification sub-committee request for \$966 to pay half the cost to screen utility boxes in the Club Course area. The Club Course POA will pay the other half. The Beautification sub-committee has \$30,000 in funds carried over into 2007. Mr. Young made a motion to approve the expenditure of \$966 to cover half the total cost to screen the utility boxes, with the Club Course POA to pay the other half. The motion was seconded by Mr. McLaughlin and was passed unanimously. Mr. Minot abstained because he is a member of the Club Course POA Board.

## 5. Discussion Topics

a. **Referendum Status**– Mr. Carbiener said the votes are coming in and property owners have until June 18<sup>th</sup> to submit their ballots. So far, it seems that the voting is in favor of the amendments.

b. **Reserve Funding Task Force Update** – Mr. McLauchlin distributed a status report of the Task Force. They are continuing their work to determine the amount of reserve funds needed for property replacement and disaster recovery, to develop recommendations on how to fund those reserves and recommendations for an amendment of the 1974 Covenants in this connection. The group is still collecting data. He asked for feedback from the Maintenance Committee on the Task Force’s recovery cost estimates. Mr. McLauchlin said that the Task Force expects to have a complete report by this Fall.

Mr. Hattersley said he would place the task force report on the Maintenance Committee agenda and would ask for feedback. He commented that the Task Force may be trying to be overly precise in its estimates, which will be subject to large uncertainties in any case. He suggested the Task Force try to produce reasonable estimates as quickly as possible.

Mr. McLauchlin said the recovery cost figures will change over time. The Task Force hopes the initial estimates can serve as a base schedule, which can be adjusted annually.

Mr. Kelley noted that irrigation is one of replacement costs on the task force table. He recommends this be funded from the operational budget rather than from the reserve fund.

Mr. McLauchlin recommended that an appraisal of CSA’s buildings be obtained to determine if CSA had enough insurance coverage. Mr. Kelley said an appraisal is already scheduled for the last week of May.

## 6. Standing Committees

a. **Capital Improvement and Maintenance Committee** – Mr. Minot remarked that he did not agree with the statement in the Committee’s minutes that there were “not any compelling arguments” against the extension of the Governors Road bike trail. He said some people are adamantly against it. Mr. Hattersley agreed that some people are opposed, but said his impression is that most are favorable or neutral on the matter.

## 7. Board Member’s Comments

a. **Beach Club Parking Lot Renovation** – Mr. Carlson referred to his letter to President Carbiener (included in the board package). The letter, written on behalf of the ASPPPO Board, asked Mr. Carbiener to allow the CSA Board to reconsider the motion passed by the Board at its September 26, 2006 meeting, approving certain actions in connection with the Beach Club Parking Lot. The letter recommended the Board rescind its earlier approval.

Mr. Carbiener said he had explored the ASPPPO proposal and had found that rescinding the earlier action would violate Robert's Rules of Order, which our by-laws require the Board to follow. A previous vote cannot be rescinded once action has already taken place based on that vote. In this case an encroachment was approved. Based on that approval, the Resort submitted its plan for Town approval and ARB approval. Both of those approvals were granted. Since the CSA Board cannot undo the subsequent actions of those other bodies, the Board cannot rescind its own earlier action.

Mr. Carbiener noted that the ASPPPO letter objected to the fact that the CSA Board did not require compensation for the encroachment. He pointed out that CSA has approved many encroachment agreements with property owners and it is not CSA's practice to seek compensation in these cases. CSA does charge \$150 to offset customary legal expenses and filing fees for such agreements.

Mr. Carlson then described a sequence of circumstances, decisions and developments that have increased concerns that Sea Pines is changing in ways unfavorable to residents. He said the Plantation is more commercial than ever. Situations like the dredging project, more homes on the rental market (including mini-hotels), and the plans for the Beach Club parking lot have contributed to residents' concerns.

Mr. Carlson said another contributing factor is that ASPPPO has not been kept adequately informed of Riverstone's plans for the Resort. He said the Resort should discuss its entire plan with the ASPPPO Board. Mr. Lawrence countered that the Resort has outlined a number of improvement projects it hopes to be able to carry out at some point. The projects can only be described in very general terms at this point because no capital has yet been allocated to the projects, and no specific planning and design work has taken place.

Mr. Carlson said the ASPPPO Board wants the Beach Club parking lot to remain "low key" and "park like" and also has suggestions on drainage issues. Mr. Lawrence said the Resort has been working with the Town to meet LMO standards and has asked well-regarded landscape architects to create a "park like" design.

Mr. Harberger said it is reasonable for the ASPPPO Board to expect to be kept informed about Resort projects, but it is important to keep in mind where actual approval authority rests. All Resort projects have to meet the approval of the Town of Hilton Head, the ARB and CSA. ASPPPO has significant representation on ARB and CSA, but has no separate review and approval role of its own. Anything that impedes good communications between the Resort and ASPPPO is unfortunate. Mr. Harberger said the ASPPPO Board's persistently negative and critical attitude toward the Resort may very well be contributing to the communication problem.

Mr. Carbiener reiterated his Annual Meeting comments calling for a better spirit of cooperation on these matters. He referred to the still-unresolved covenant issues, and said it would be extremely helpful if the work of the Reserve Task Force and the discussions of other potential covenant changes could be brought to a conclusion soon.

That would permit a two-part referendum to be put forward, with separate votes on reserve funding and the remaining covenant issues.

8. **Adjournment**

With no further business, the meeting adjourned at 5:15 p.m. The next scheduled meeting date is Tuesday, June 26, 2007, at 3:00 p.m., in the CSA Board Conference Room.

Respectfully submitted,

Norman Harberger  
Secretary