

Community Services Associates, Inc.
Board Meeting Minutes
November 22, 2016

The November meeting was called to order by Chairman Mark Griffith at 3:00 p.m. in the large conference room of the Sea Pines Community Center. A revised agenda was distributed. The discussion and motion to initiate a special assessment for 2017 had been added to the agenda. Mr. Griffith opened the meeting by announcing the board luncheon planned for January 6, 2016, was cancelled to conserve expenditures due to Hurricane Matthew. However, the meeting to elect officers for 2017 would still be held on the 6th for both the CSA and ASPPPO Boards. He also noted that John McLauchlin, a former CSA Board Chairman had agreed to Chair the CSA Nominating Committee to elect officers for 2017.

1. **Roll Call**

Present: Carolyn Adams Steve Birdwell Dave Borghesi Cary Corbitt
Paul Crunkleton Mark Griffith Mark King JR Richardson
Don Sigmon Bob Sowers Rich Speer Michael Tucker

Absent: Barry Barth Bob Gossett Charlie Miner Scott Richardson
Beverly Serral

Staff: Bret Martin Victoria Shanahan Toby McSwain Beau Barnett
Amanda Jones David Henderson Jeanne Pearse

2. **Ratify Approval of the November 1, 2016 Meeting Minutes**

The minutes of the November 1, 2016 meeting had been approved by email. Mr. Richardson made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board ratifies the vote on the approval of the November 1, 2016 meeting minutes as finalized by email.”

3. **CSA Reports**

a. **CSA President’s Operations Report** – Mr. Martin’s report focused on recovery efforts from Hurricane Matthew:

- Debris clean up along the roadways is continuing and an estimated time for the collection or number of passes possible is not available. Occasionally we have seen more trucks in Sea Pines beyond the eight that have been committed. We continue to work on reported tree hangers and leaners and as of today, additional reports were received on 36 more public areas that are hazardous to people or property. Once the public areas, (along roadways, bike trails and beach walks) are cleared, we will begin working on trees in Open Space, lagoons and storm water drainage issues. We are working with the Town to research the possibility of applying for future funding assistance through the Department of Agriculture and State for tree and debris removal and storm water drainage issues.
- The Beach debris removal project is nearing completion, our contractor is working on

removing the last piles of debris. All debris has been removed from the beach located in the areas of Canvas Back to Lands End. The Town's contractor is continuing to work on the second sand scraping project from Royal Tern to Surf Scoter. The first scraping project: from Marsh Wren to Piping Plover has been completed. President Martin; CSA Directors, David Henderson and Beau Barnett and The Sea Pines Resort's President Steve Birdwell met with Scott Liggett from the Town on November 21st to discuss the possibility of a dune nourishment project beginning in February if the contractor agrees to return for this project. Ideas were shared on installing additional fencing and planting projects. Scott Liggett was asked to attend a meeting in December with the community to discuss these plans. The replacement or installation of beach walks will be put on hold until the beach nourishment project is completed and to see if the OCRM and Town changes their guidelines for their installation.

- The Forest Preserve sustained a lot of damage from Hurricane Matthew. A forestry salvage harvest project for harvesting damaged and downed trees and preventing a Pine Beetle infestation in the Forest Preserve will begin sometime after the salvage in the Audubon Newhall Preserve is finished. It is projected the Audubon Newhall project will take approximately three weeks.
 - The Six Oaks Cemetery has been cleaned up and is now open to the public.
 - All leisure trails are open, but repairs are continuing to the beach walks. Communication updates will be relayed to the community regarding their accessibility.
 - Normal procedures for tree removal, requiring approval by the ARB, will be reinstated for all trees effective December 1st.
 - We are accumulating and forecasting costs for the recovery process. CSA Treasurer, Dave Borghesi and CSA's Director of Finance and Administration, Victoria Shanahan, will have more on this later in the meeting, including a proposed budget for 2017.
 - CSA is reducing our post-Matthew e-mail updates communications back to two times a week unless we have emergency or time sensitive information to relay.
 - Recent high tides have created turnover and algae blooms in many lagoons causing a sulfur smell. This may be on-going and may take a while until these conditions improve.
 - A recap of the Storm aftermath in areas and their current condition will be presented at the next Community Coffee on December 7th.
 - Work is continuing on many projects throughout Sea Pines including the replacement of street signs, mailboxes, other signage and the repairs on beach walks.
- b. **ARB Liaison Report** – Mr. JR Richardson said the ARB had experienced an interruption in business due to the hurricane. The ARB is reviewing plans for: two new homes, 18 remodeling jobs, two pools, 20 smaller projects and over 100 other ongoing projects. The ARB is continuing to work with property owners on the removal of trees.
- c. **Joint CSA/ASPPPO Short Term Rental Committee** – No report.

- d. **Communications Committee** – Mr. Tucker said the committee had not met, but it was planned to discuss rolling out the following items at the December 7th Community Coffee meeting: Confirmation Station – to address and quell any rumors in the community and ensure the accuracy of information being circulated; the new website design and the community video.

It was also planned to hold four educational meetings for property owners on February 1st, 8th, 15th and 22nd to cover CSA’s organizational structure: committees, boards, charters, its authority and issues.

- e. **Gate Entry Committee** – Mr. Corbitt said the committee met on November 10th to discuss multiple issues:
- The antiquated rule of no admittance for motorcycles, mopeds, and golf carts on the leisure trails. It was decided to survey property owners for their viewpoints and Ms. Jones, the Communications Director, will work on this project.
 - It was the consensus to wait until 2017 to address the issue of adding another committee member. The committee currently has nine members as recommended in CSA By-laws.
 - The committee’s recommendation on the construction of a kiosk at Lawton Stables due by this fall was deferred again. A new concept and research is underway to move the location of the trolley stop further down Greenwood Drive to accommodate both the stables and the new entrance to the Forest Preserve.
 - The sub-committee recommended to hold off on increasing the \$6 Gate fee until the total amount of funds needed for hurricane recovery costs and a five-year plan for future projects was determined.
 - The committees’ recommendation to raise commercial decal rates; adding a new gate fee for trailer access; a hangtag to be sold at a fleet rate for commercial cleaning and restaurant delivery companies were on today’s agenda for board approval. Also, the committee recommended approval of issuing unlimited relative decals to specific family members and adding an administrative fee of \$6 per decal. The committee also recommended removing the verbiage covering Tower Beach from the *Sea Pines Gate Entry Policy* and instead, include the verbiage in CSA’s current policy for Tower Beach.
 - The contract with Uber is not finalized, but each vehicle accessing the gate is paying a \$2 fee.
 - T-shirts with the trolley logo are now available for sale.
 - Leisure trails are open for use, but are still not safe.
- f. **Circle to Circle Committee/Traffic Task Force Update** - Mr. Crunkleton said the Town’s *Circle to Circle Committee* was disbanded after submitting their report. An ad hoc committee was formed to implement some of the recommendations in the final report and they will be focusing on:
- Marketing plan to encourage visitors to use other beaches.
 - Synchronization of the traffic lights on the south end of the island to improve traffic flow.

- Pilot a shuttle service for employees and visitors on the south end (maybe pushed further out to 2018)

The schedule over the holidays will be full, but the Traffic Task Force will be focusing on safety and commercial interests in the New Year such as:

- No left hand turns onto Office Park Road when exiting the parking lot of USCB.
- A traffic light at the intersection of Office Park Road and Greenwood Drive.
- Reducing the number of curb cuts on Greenwood Drive.
- Use the Commercial ARB to insure positive impact on areas.
- Encourage the Town to pursue purchasing vacant land outside of Sea Pines to reduce possible future traffic.
- Have CSA and ASPPO convey their support for the plans of the *Circle to Circle Committee* report.

- g. **Governance Committee** – Mr. Speer said the Governance Committee meeting to hear the IT and HR Sub-committees’ recommendations for improvements in those areas will be held later in December or January instead of on November 29th. He noted this exercise had allowed property owners the flexibility to serve their community and share their expertise on a short-term basis. This knowledge would then be transferred to CSA staff. He further stated that any improvements from these groups are not included in the 2017 budget.

The Governance Committee is also updating the three-day orientation program for new board members. The orientation program consists of two and half days of seminars and one half day of tours. There are plans to open the orientation program to committee members.

- h. **Government Liaison** - No report.

- i. **Maintenance, Enhancement and Major Projects Committee** – Mr. Richardson gave an update on the Maintenance Departments’ recovery process efforts: Maintenance staff and approximately 295 contractors have been working to restore Sea Pines; 126 of the 138 reported areas with leaning trees or dangerous hanging branches in public thoroughfare areas have been cleaned up. Reports of new areas are coming in daily and consist of five or more trees. Trees in Open Space areas will be addressed after all leisure trails, roads and beach walk issues are addressed. Maintenance had also cleared over 205 driveways so property owners could access their driveways and not park on the roadway after making the roads passable; 18 of the 32 beach walkways sustained damage and 14 of those are severely damaged. Over 1,044 hours of overtime has been paid to employees between the dates of October 5th through November 1st.

He also noted their committee had met on November 8th to discuss the progress on the recovery process and their projects budgeted for 2017. Mr. Barnett presented three different options for projects. The committee chose the option that included all the projects planned since the costs of the recovery process would come out of a separate

line item. The committee also discussed the newly storm damaged bamboo along Greenwood Drive which had provided a sound barrier and privacy for Club Course residents adjacent to the roadway. The committee may make a recommendation to either constructing a mound or fence as a future means to protect those property owners.

- j. **Safety and Security Committee** – Mr. Tucker said the committee had met in early November. A meeting to address parking issues within Sea Pines would be held at 11:00 a.m. at the Sea Pines Community Center following the Community Coffee meeting. He noted there are places in Sea Pines where parking could be prohibited. An email notification for the meeting will be sent out to property owners.
- k. **Finance Committee** – Mr. Borghesi reported that the Finance Committee met on Monday, November 21, 2016 and discussed five different items: CSA’s current financial status due to the recovery process; the 2017 Operating Budget; Engagement Letter for the External Auditors Agreement; CPI and CSA assessment increase and the consideration of initializing a special assessment to cover hurricane recovery costs.

He also noted that there was nothing of significance to report on the September 2016 YTD Financial Statements. However, hurricane and recovery efforts would significantly impact future financial statements. The Finance Committee discussed and approved the 2017 Budget as presented. The only change in the budget from the initial draft was a slight decrease in the Major Repair and Replacements line item, that was simply due to timing issues of projects. This budget was on today’s agenda for approval.

Mr. Borghesi updated the Board on the current financial status due to the hurricane recovery efforts. Clean up efforts and payroll have exceeded the cash on-hand of \$1 million dollars and will spend an additional \$1.5 million by the end of December. CSA can draw down on its \$6 million line of credit with Morgan Stanly to pay for recovery operations, but CSA must repay the loan.

FEMA will be asked for reimbursement of the funds, but the biggest issue is that the funds must be expended first. It is unknown when CSA will be reimbursed and other areas suffering these types of damages have reported this may take up to three or more years with the actual amount of the reimbursement being decided by FEMA.

The Finance Committee was compelled to recommend the CSA Board to assess a special assessment to cover hurricane recovery efforts due to exceeding the amount of the emergency reserve funds and all the unknown issues CSA was facing at this early stage of recovery. Repairs to correct damage to the storm water drainage system at Wren Drive, re-building of beach walks and re-paving costs of the roadways due to excessive high traffic by Crowder Gulfs’ vehicles and contractor vehicles were some of the unknown issues. Another big issue is the cost of the removal of trees in Open Spaces since these trees are not a priority and CSA having to bear the full cost of their

removal. (An amendment to the 1974 Covenants in 2007, allows a one-time assessment of property owners equal to that year's assessment, in the event of a natural disaster declared by the Governor.)

Mr. Crunkleton asked if the assessment could be billed in increments of \$500 to lessen the hardships some property owners were facing. It was noted that the CSA Board can only assess for a one-time assessment. Furthermore, funds had already been spent for dune repairs in the Beach Trust property, depleting the funds in the Forest Preserve Foundation. Much more work was also needed in other areas and the work had to be done and paid for to be potentially reimbursed by FEMA.

It was also discussed and was the sense of the board to refund property owners some of their money if all the special assessment funds were not needed.

CSA's insurance coverage was again discussed and noted that it hasn't any coverage for roads, beach walks, leisure trails or land. CSA's buildings, structures and equipment are insured, however, CSA faces the same unusually high deductibles as the residents are due to the damage being from a hurricane.

4. **Old Business**

a. Approval of the Draft Budget for 2017 – This item was discussed under new business.

b. Approval of the View Easement Policy – This item had been tabled at an earlier meeting to allow ARB Chairman, Mr. JR Richardson and CSA President, Mr. Bret Martin, to discuss the operational procedures of the policy since view easements had formerly been monitored by the ARB. This meeting had been held and the issues resolved. Mr. Speer made the following motions, seconded by Mr. JR Richardson and was unanimously approved:

“RESOLVED, the CSA Board opens the tabled discussion on the *CSA View Easement Policy Dated April 29, 2016*.”

“RESOLVED, the CSA Board approves the proposed *CSA View Easement Policy Dated April 29, 2016* as presented, to replace the current *Guidelines for View and Breeze Easement Maintenance Resolution dated April 30, 1991*.”

5. **New Business**

a. **Review and Approval of the Draft Budget for 2017** – Mr. Borghesi asked for four separate resolutions:

I. Approval of the CPI Increase of Property Owner Assessments for 2017 – The Finance Committee was recommending approval to increase the CSA annual assessments for residential and commercial assessments by the CPI Inflation Index of 1.02%. This increase would raise residential assessments for *Developed* properties by \$10: from \$1018 in 2016 to \$1,028 in 2017. For *Undeveloped* properties, the increase would raise those assessments from \$607 for 2016 to \$613 for 2017. Mr. Borghesi

made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board approves the 1.02% of CPI increase of all property owner assessments in 2017.”

- II. Approval of the Proposed Budget for 2017 – The components of the budget proposed for 2017 were discussed earlier in the meeting. Mr. Borghesi made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board approves the draft budget for 2017 as presented at the last board meeting.”

- III. Approval of Signing an Agreement Letter with Elliott Davis Decosimo, LLC – Mr. Borghesi said the Finance Committee was very satisfied with Elliott Davis Decosimo’s past work performance and the amount for CSA’s audit had been included in the budget. The Finance Committee was recommending approval of signing the agreement letter with Elliott Davis Decosimo to perform CSA’s audit for the Year Ending December 31, 2016. Mr. Borghesi made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board approves signing the letter for Elliott Davis Decosimo to Perform the CSA Audit for the Year Ending December 31, 2016

- IV. Approval to Initiate a Special Assessment for Commercial and Residential Owners – This item was discussed earlier in the meeting. Mr. Borghesi made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board approves initiating a special assessment in accordance with the *Amendment of June 29, 2007* of the *1974 Covenants*. The one-time assessment of all property owners will be equal to their 2016 assessment amount and will be billed in conjunction with their regular assessment for 2017 on December 10, 2016.”

- b. **Acceptance of the Un-audited September YTD 2016 Financial Statements** –The September 2016 YTD Financial Statements were reviewed and Mr. Borghesi made the following motion, seconded by Mr. Speer and unanimously passed:

“RESOLVED, the CSA Board accepts the unaudited September 2016 YTD financial statement as submitted.”

- c. **Approval of the Service Agreements with SPFPF and Six Oaks Cemetery** –It was noted that the terms of the service agreements for 2017 were unchanged from 2016. Mr. Speer made the following motion, seconded by Mr. Crunkleton and unanimously passed:

“RESOLVED, the CSA Board approves the service agreements with the Sea Pines Forest Preserve Foundation and the Six Oaks Cemetery for 2017 as presented.”

- d. **Recommendations to Amend the *Sea Pines Gate Entry Policy*** – Changes to the pricing of decals and using a fleet rate for paper hang tags for certain businesses and removing the language on Tower Beach from the Sea Pines Gate Pass Policy and incorporating it in with the Tower Beach Pavilion Rental and Locker Rental Policy was discussed. The CSA Board oversees the above policy covering Tower Beach. Mr. Corbitt made the following motion, seconded by Mr. Borghesi and unanimously passed:

“RESOLVED, the CSA Board approves the amendments to the Sea Pines Gate Entry Policy to become effective January 1, 2017 as follows:

- a. Raising commercial decal rates by \$25
- b. Begin charging \$4 for single axle trailer (daily entry)
- c. Begin charging \$6 for double axle trailer (daily entry)
- d. Issuing a hang tag for restaurant delivery and domestic cleaning companies at a fleet rate of \$225
- e. Charging \$6 for unlimited Relative Decals (see note below**)
- f. Remove the language covering Tower Beach from the Gate Pass Policy and incorporating the language into the existing policies covering Tower Beach Pavilion Rental and Locker Rentals.”

****Please note:** For this purpose the term family member applies to a son, daughter, grandson, granddaughter, father, mother, grandfather, grandmother, sister or brother.

For this purpose the term family member does **not** apply to aunts, uncles, nephews, nieces, cousins, in-laws, other relatives, employees, employers, friends, roommates, companions or significant others.

- e. **Approval of the Encroachment Agreement for Genoa Court** – A property owner is requesting the CSA Board approve the encroachment of placing an underground propane tank in the *Road Right-of-Way* adjacent to their property. There is not enough space on the property owner’s lot and many features of the home require propane. The owner has agreed to landscape around the opening of the underground tank. Mr. Corbitt made the following motion, seconded by Mr. Borghesi and unanimously passed:

“RESOLVED, the CSA Board approves the encroachment agreement for 15 Genoa Court as presented.”

6. **Board Member Comments**

No additional comments were made.

7. **Adjournment**

Mr. Scott Richardson made a motion to adjourn the meeting at 4:45 p.m. The motion was seconded by Mr. Crunkleton and passed unanimously.

A question and answer session was held with the audience. During this time, discussion came up by a contractor who offers a new process of burning storm debris. He stated the process was basically smokeless and would not interfere with adjoining neighbors. The Sea Pines Country Club wanted to use his service which required a special permit from the Fire Marshall of the Town of Hilton Head. He asked the CSA Board for their approval so the Fire Marshall would issue a permit to perform this service for the Sea Pines Country Club.

The Board reconvened at 4:50 p.m. to discuss the burning process and possibility of hot ashes spreading to the very dry debris within Sea Pines causing fires, and smoke irritating adjoining neighbors causing a possible covenant violation. They viewed an on-screen video of the contractor’s burning process which virtually controls smoke and hot ashes. Following discussion, Mr. Borghesi made the following motion seconded by Mr. Corbitt and unanimously passed:

“RESOLVED, the CSA Board gives their approval for the Fire Marshall of Hilton Head Island to issue a permit for the one-time use of the new burning process only for the Sea Pines Country Club. If there are any complaints and a covenant violation becomes apparent, the contractor will be asked by CSA to cease and desist burning.”

The meeting was adjourned at 5:25 p.m. The next meeting will be held on January 6, 2017, at 9:00 a.m. in the large conference room of the Sea Pines Community Center.

Respectfully submitted,



Carolyn Adams
Secretary