

**Community Services Associates, Inc.**  
**Board of Directors Meeting**  
March 28, 2017

On Tuesday, March, 28, 2017, a regular meeting of the Community Services Associates, Inc., Board of Directors, was held at the Sea Pines Community Center, main conference room. The meeting was called to order at 3:00 p.m. Chairman Griffith presided.

1. **Roll Call**

Present:	Carolyn Adams	Barry Barth	Steve Birdwell
	David Borghesi	Cary Corbitt	Paul Crunkleton
	Bob Gossett	Mark Griffith	Mark King
	James Richardson	Scott Richardson	Beverly Serral
	Don Sigmon	Bob Sowers	Richard Speer
	Michael Tucker		

Absent: Charles Miner

Guest: Walter Nester

Staff:	Sandra Archer	David Henderson	Bret Martin
	Jerred Mayse	Toby McSwain	Victoria Shanahan
	Amanda Sutcliffe-Jones		

2. **Ratify Approval of the January 24, 2017 Meeting Minutes**

The January 24, 2017, CSA, Board of Directors meeting minutes, were approved by email. David Borghesi made the following motion, seconded by J.R. Richardson and unanimously carried:

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved the minutes of the January 24, 2017, meeting, as finalized by email”.

3. **CSA Reports**

a. **CSA President’s Operations Report** – Bret Martin

- \$3,552,000 has been spent on Hurricane Matthew recovery, with \$1,272,000 spent in 2017. The Town of Hilton Head Island has completed the final pick-up pass of hurricane related debris and as of today has gathered 431,000 cubic yards in Sea Pines.
- An executive session will be held during this meeting to review the Uber contract. Uber was non-compliant.
- Fencing repairs are underway, along Palmetto Bay is under construction, sightlines are open. An application will be made with the Town for shading or fencing.
- The Town voted unanimously to fund beach renourishment/dunes restoration in excess of \$7,000,000 to Sea Pines. Fencing and revegetation plans are under review. The Town will fund some engineered beach, Tower Beach will be eligible for FEMA reimbursement.

- The next Community Coffee will be Wednesday and will feature a demonstration of the new Sea Pines website and new digital community signs for communication.
- The paving project for a parking pad on Greenwood Drive is underway.
- Witmer, Jones, Keefer Ltd., will present a landscape project plan at the next Community Coffee.
- Traffic Task Force Committee will do another entry gate count on turn into Club Course area.

b. ARB Liaison Report – James Richardson

- The submitted density report shows no changes since 2016.
- Currently, 150 – 200 applications are being process by the ARB.
- Five new houses have been started and fifteen are under construction. Multiple projects consisting of pools and small renovations are underway.
- We have been asked to have a larger venue for meetings and will hold a future ARB meeting at the Community Center.

c. Joint CSA/ASPPPO Short Term Rental Committee – Beverly Serral

- The first meeting of 2017 was recently held, in March.
- Mr. Westerbeck has been replaced by Ms. Zies.
- Ms. Serral and Mr. McSwain will be meeting Thursday with twenty-three rental firms.

d. Communications Committee – Barry Barth

- The first meeting of the year was held March 15, 2017.
- The committee approved the 2017 Charter.
- The new website will launch on April 6, 2017, with testing beginning later this week. There will be a demonstration at the Community Coffee on April 5, 2017 and we will welcome feedback from residents.
- There is a new communications coordinator, Mrs. McElroy, who will be working closely with Mrs. Sutcliffe-Jones.

e. Gate Entry Committee – Cary Corbitt

- The first meeting of the year was February 9, 2017.
- The Gate Entry Committee Charter and 2017 Roster was approved.
- The Committee will be reviewing an app, for use as a potential gate entry option.
- The Committee recommends the age be raised from 3 – 19 to 3 – 25 to be considered a child
- The Committee recommends raising the commercial driver gate fee to \$10 to be consistent with other communities;
- The Committee recommends that approval for motorcycles/mopeds into the plantation should be added to the next survey.
- Lots 3 and 4 have started with Santee Cooper crush and run. Following the tournament the lots will be mulched and hydro-seeded.
- There have been several revisions made to the Gate Policy.
- Signage on Greenwood Drive is under design and location review.

f. Circle to Circle/Traffic Task Force Update – Paul Crunkleton

- In 2018 a decision will be made as to changes to Coligny parking. A marketing campaign to deter people away from the Coligny area and re-direct to beaches on the north end of the island is under consideration. Online information and signage would be needed.
- To help alleviate traffic congestion at the Sea Pines Circle, there will no left hand turns out of the USCB campus.
- The lights on Palmetto Bay Road have the capacity to be coordinated but are not. Pressure should be put on Town Council to make this happen. This will not only assist with traffic congestion but would also address a safety issue.

g. Governance Committee – Richard Speer

- There were two major projects in 2016; Information Technology and Human Resources.
- Two additional projects have been identified for 2017. Comprehensive reviews of the ARB/ARC/CARB and Safety and Security departments will be done.
- The Committee continues to search for additional property owners to participate. This will be a working committee and will start in April 2017.

h. Government Liaison – Scott Richardson

- There was no report given.

i. Maintenance, Enhancement and Major Projects Committee – James Richardson

- The cost of the landscape repair project along Greenwood Drive is approximately \$400,000. The original scope of the Greenwood Drive project had to be adapted to address the damage caused by Hurricane Matthew.
- New bollard lights, 182 have been added to Lighthouse Road.
- Six beach walks have been repaired and six are still in need of repair.
- Flowers have been switched out and mulching is complete.
- The map kiosk will be replaced prior to the RBC Heritage Classic tournament.

j. Safety and Security Committee – Michael Tucker

- The Committee held their first meeting of the year on March 8, 2017.
- Four new property owners have been added to the committee membership.
- The 2017 Committee Charter has been approved. Proposals for a marathon and biking symposium were reviewed and requests denied.
- On March 15, 2017 there was a parking forum held by CSA that was open to all Sea Pines property owners.

k. Finance Committee – David Borghesi

- The 2016 year end preliminary financial statements and related issues were discussed.
- Total assets and liabilities/equity fund balances are \$24,170,146. This compares to \$20,812,136 at December 31, 2015, resulting in a \$3,358,010 increase, year over year. It was noted that the impacts of the Special Assessment has been recorded on a gross basis and that GAAP may call for an adjustment.

- Net income is \$123,074, compared to budgeted (\$577,078), resulting in a positive variance to budget of \$700,152. This compares to a total net income of \$885,766 for the same period in 2015, resulting in a \$762,692 reduction, year over year.
- Hurricane Matthew assessment income and expenditures were approximately \$2,280,000.
- Daily gate pass fees are under budget. Prior to Hurricane Matthew gate pass fees were above budget.
- Operating Expenses are \$416,000 favorable to budget. This related to savings from outsourcing a portion of maintenance to Ocean Woods Landscaping as well as an inability to fully staff our requirements for maintenance and safety and security.
- Major projects has a favorable variance of \$83,000 and approximately \$55,000 will roll over into 2017 projects that were deferred due to Hurricane Matthew.
- Capital replacement/income was underspent than budgeted to \$66,000. Certain acquisitions were deferred due to Hurricane Matthew and will roll into 2017.
- There was \$300,000 in investment income on \$9 million investment portfolio.
- Storm water reimbursements of \$47,000 are receipts from the Town. Costs and billings were higher but revenues only will be recognized to the extent that the Town reimburses.
- Undesignated fund balances have declined slightly. There has been an increase in the fund balances due to trolley and dredge fund. There is \$300,000 available for operations or other designated fund balances.
- The Special Assessment was passed at the November 2016 CSA board meeting and billed in December 2016. The amount billed of the Special Assessment was approximately \$6,300,000 and approximately \$1,300,000 was collected by December 31, 2016. There is a deferred revenue liability of \$4,000,000 which is available to spend for Hurricane Matthew related costs in 2017 and beyond, if necessary.
- There is a \$1,500,000 Morgan and Stanley line of credit balance outstanding at year end. Hurricane Matthew related expenses exceeded Special Assessment collections by \$1,000,000 and a line of credit, secured by investments, was drawn to fund the expenditures. The debt was re-paid in January 2017.
- Investments are down \$500,000 due to securities that matured in December and the proceeds were not reinvested in December. The cash was used to pay down the line of credit in January 2017. In February, 2017, investment balances were replenished through purchases of \$600,000 in corporate bonds maturing in 2019 and 2020.
- The decline in net fixed asset balances is largely attributed to depreciation expenses being greater than capital purchases. Gross cost of fixed assets declined as a result of the disposition of equipment and vehicles. A portion of the disposition was the sale of equipment to Ocean Woods Landscaping.
- Deferred revenue balance principally represents the collections of 2017 operating assessment collected in December 2016.
- To date, no recognition has been recorded related to the insurance claim for loss of revenues. Negotiations are still underway, for a greater amount, than offered so far.
- There are no significant issues or disagreements, to date, with the external audit. If the insurance claim can be resolved prior to the issuance of our audited statements, recovery may be reflected as 2016 activity.

A motion was made by Carolyn Adams to accept the 2016 year-end, unaudited financial statements as submitted. The motion was seconded by Steve Birdwell and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, accepted the unaudited 2016 year-end financial statements, as submitted”.

1. Long Range Planning Committee – Michael Tucker

- The Committee met on March 17, 2017.
- There are nine Sea Pines residential property owners in the membership.
- The committee has received 82 emails from owners, with over three hundred suggestions for future plans. Many of the suggestions were already provided and others are in progress, for completion in 2017 – 2019.

4. **Unfinished Business**

a. Approval of View Easement Policy/Resolution Letter – Chairman Griffith

A motion was made by James Richardson to approve the View Easement Policy’s Resolution Letter. The motion was seconded by Richard Speer and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors approved the View Easement Policy’s Resolution Letter as submitted”.

5. **New Business**

a. Acceptance of 2016 Unaudited Financial Statements – Victoria Shanahan

- The financial statements were presented and approved previously under the Finance Committee presentation.

b. Approval of Reserve Contribution Policy – Victoria Shanahan

A motion was made by Richard Speer to approve the Reserve Contribution Policy. The motion was seconded by Cary Corbitt and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approves The Reserve Contribution Policy as submitted”.

c. Ratify Approval of Encroachment – Lot 5, Lawton Woods – Chairman Griffith

A motion was made by David Borghesi, to ratify the approval of the Encroachment Agreement for Lot 5, Lawton Woods. The motion was seconded by Barry Barth and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approves the encroachment agreement for Lot 5, Lawton Woods, onto CSA open space, as finalized by email”.

d. Ratify Approval of Storm Recovery/Repair of Greenwood Drive Corridor – Chairman Griffith

A motion was made by Barry Barth, to approve the storm recovery/repair of the Greenwood Drive Corridor. The motion was seconded by Richard Speer and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approves the recovery/restoration plan, not enhancement, presented by Witmer, Jones and Keefer Ltd., as finalized by email. Further, a portion, approximately \$156,000, be considered a Special Assessment expenditure and the remaining project cost of \$225,000 be approved as a 2017 operating cost budget amendment”.

e. Approval of Gate Entry Policy Amendments – Chairman Griffith

A motion was made by Barry Barth, to approve the Gate Entry Policy Amendments. The motion was seconded by Mark King and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved amending section 1.1.12, to read: the dependent ID Card range of 3 – 19 years, to 3 – 25 years”.

A motion was made by Paul Crunkleton, to approve the Gate Entry Policy Amendments. The motion was seconded by Mark King and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved amending Appendix A, Daily Gate Entry Pass (GEP) to read: Causal Visitor Pass (CVP) – 2 axle vehicle (no trailer), \$6 and Commercial Daily Pass (CDP) – 2 axle vehicle with or without a trailer, \$10, to be in effect as of June 1, 2017”.

A motion was made by Mark King to approve the Gate Entry Policy Amendments. The motion was seconded by Paul Crunkleton and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved amending Appendix D, to read: 20% dredging for indirect costs for Permitting, Monitoring, Inspections, Surveys, Project Management, Supervision and Mobilization”.

f. Ratify Approval of Heritage Classic Foundation Contract – Chairman Griffith

A motion was made by Michael Tucker, to ratify approval of the Heritage Classic Foundation Contract. The motion was seconded by Mark King and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approves acceptance of the Heritage Classic Foundation contract, as finalized by e mail”.

g. Ratify Approval for Bus Pad on Lighthouse Road – Chairman Griffith

A motion was made by Carolyn Adams, to ratify approval of installation of a bus pad, on Lighthouse Road. The motion was seconded by David Borghesi and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approves

installation of a pull off pad for busses, on Lighthouse Road, to benefit transportation during the Heritage Tournament. The cost of the pad will be taken from the Trolley Improvement designated fund balance, as finalized by email”.

- o The Heritage Classic Foundation is paying \$11,250, one half of the installation cost.

h. Approval of Sea Pines Resort and CSA Service Agreement – Chairman Griffith

A motion was made by Carolyn Adams, to approve the CSA and Sea Pines Resort Service Agreement. The motion was seconded by Mark King and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved the 2017 Service Agreement between CSA and Sea Pines Resort”.

i. Approval of CSA Committee Charters 2017 – Chairman Griffith

A motion was made by Barth, to approve the CSA Committee Charters for 2017. The motion was seconded by Cary Corbitt and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved the following 2017 Charters: Executive Committee, Governance Committee, Gate Entry Committee, Safety and Security Committee, Communications Committee and Joint CSA/ASPPPO Short Term Rental Committee”.

j. Approval of CSA Committee Membership 2017 – Chairman Griffith

A motion was made by Barry Barth, to approve the CSA Committee Memberships for 2017. The motion was seconded by Cary Corbitt and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved the following 2017 Membership Rosters: Safety and Security Committee, Long Range Strategic Planning Committee, Finance Committee, Communications Committee, Governance Committee, Maintenance, Enhancement and Major Projects Committee and Gate Entry and Joint ASPPPO/CSA Short Term Rental Committee”.

k. Approval of Budget Amendment/Special Assessment Expenditures/Hurricane Matthew – David Borghesi

A motion was made by David Borghesi to approve the budget amendment related to Hurricane Matthew expenditures. The motion was seconded by Michael Tucker and unanimously carried.

“RESOLVED, the Community Associates Services, Inc., Board of Directors, approves on the recommendation of the Finance Committee, to approve, as presented, an authorization to spend for Hurricane Matthew special assessment expenditures, up to \$4,000,000, for the fiscal year 2017. These are both subject to quarterly review of said expenditures by the Finance Committee and Sub-Committee, thereof”.

l. Sea Pines Resort Presentation/Harbour Town, Inn Expansion, Pool – Steve Birdwell, Cliff McMackin

- Sea Pines Resort has invested \$84,000,000 in the last four years and are looking at investing another \$70,000,000 - \$100,000,000.
- The golf courses are in pristine condition.
- The Resort would like to add an additional ninety room to the Inn at Harbour Town, bringing the Inn to a Forbes Five Star property.
- The Inn currently has only sixty rooms and is unable to attract large corporate groups.
- Expansion of the Inn would attract high demographic travelers, who will be the next generation of home buyers in Sea Pines. This will be a benefit to the community
- Current covenants only allow for sixty rooms and will require a referendum for change.
- A conceptual plan was presented showing the expansion to a total of 150 rooms. The existing Inn would remain and two new buildings would be constructed. If approved, a fitness center and spa would also be included. The architecture will be similar to residential design with a Charleston inspiration.
- An iconic arrival experience will be created with entrance under live oaks. There will be porches, alcoves, courtyards, bodies of water and equal balance between nature and buildings.
- A new high-end resort style pool, catering to all age groups, would be built, as well as expansion to Harbour Town parking.
- An agreement between the Sea Pines Resort and the ASPPPO Board of Directors is currently underway. Information will be brought to the community as available.

6. **Executive Session**

- a. **Contracts, Personnel and Legal Matters**

7. **Board Meeting Reconvenes**

- The Board of Directors reconvened the meeting at 5:05 p.m.

a. **Approval of Uber Contract – Bret Martin**

A motion was made by Carolyn Adams, to approve the Uber Contract as submitted. The motion was seconded by Michael Tucker and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Board of Directors, approved the Uber contract as submitted”.

9. **Board Member Comments**

- A reminder was given that the RBC Heritage Classic Golf Tournament will begin in two weeks.

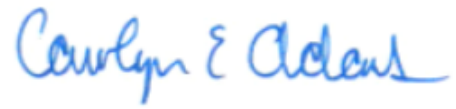
9. **Adjournment**

With no further business to come before the Board, Chairman Griffith adjourned the meeting at 5:07 p.m. The next scheduled meeting of the CSA Board of Directors, is Tuesday, May 23, 2017, 3:00 p.m., at the Sea Pines Community Center.

A motion was made by James Richardson to adjourn the meeting at 5:07 p.m. The motion was seconded by Mark King and unanimously carried.



Respectfully Submitted,

A handwritten signature in blue ink that reads "Carolyn Adams". The signature is written in a cursive style with a large initial 'C' and 'A'.

Carolyn Adams  
Secretary