

Community Services Associates, Inc.
Finance Committee Meeting
September 19, 2017

On Tuesday, September 19, 2017, a regular meeting of the Community Services Associates, Inc., (CSA), Finance Committee, was held at the CSA Administration Building, main conference room. The meeting was called to order at 9:00 a.m. Chairman Borghesi presided.

Roll Call

Present:	Carolyn Adams	David Borghesi	John Farrenkopf
	David Herskovits	Lisa Laudermilch	Lee McCollum
	Richard Speer	Michael Tucker	
Absent:	John McEnery	Ray Warco	
Ex-Officio:	Mark Griffith		
Staff:	Sandra Archer	Russell Fredericks	David Henderson
	Bret Martin	Victoria Shanahan	Hayes Williams

Accounting Staff Update

Hayes Williams, CPA, has taken on the role of Controller, beginning July 2017. Mr. Williams' career includes a 15 year tenure with Mr. Warco.

Ratify Approval of the June 20, 2017, Meeting Minutes

The June 20, 2017, Finance Committee meeting minutes were approved by email. Richard Speer made the following motion, seconded by Lisa Laudermilch and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the June 20, 2017, meeting, as finalized by email”.

Financial Update

Acceptance of YTD/July 2017 Financial Statements

Balance Sheet Unaudited - Total asset and liability fund balances are \$22,846,262. This compares to \$20,558,435, at July 31, 2016. Liabilities are \$2,064,660 compared to \$354,143 a year ago, resulting in a \$577,310 increase in fund balance, year over year.

Income Statement Unaudited – Total net income is \$4,404,999, compared to budgeted \$1,234,617, resulting in a positive variance to budget of \$3,170,382. Favorable variances consist of approximately \$350,000 in gate fees, \$519,000 in operating expenses, \$2,221,000 in unspent major repairs and replacements to date, and \$87,000 insurance receipts from 2016 Hurricane Matthew loss of gate revenue.

A motion was made by Lee McCollum to accept the unaudited July 2017/YTD financial statements as submitted. The motion was seconded by John Farrenkopf and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, accepted the July 2017/YTD financial statements, as submitted”.

Unfinished Business

Investment Policy – David Borghesi, Victoria Shanahan

A revised Investment Policy was previously distributed to committee members. The proposed revisions have previously been discussed in detail at prior meetings and the written policy codifies those proposed changes: The Investment Policy calls for a compliance review three times annually. One more compliance review will be completed during 2017.

A motion was made by Richard Speer to approve the revised Investment Policy as submitted. The motion was seconded by David Herskovits and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the revised Investment Policy, as submitted”.

Insurance coverage – Victoria Shanahan

Ms. Shanahan noted that the cost for 2018 health coverage, could stay the same as 2017 and potentially decrease. Also noted, the maintenance department has gone 500 days without incident, including through Hurricane Matthew.

Ms. Shanahan noted that the community could recover from a category 1 or 2 hurricane, with funding from sources identified in the Emergency Policy, but probably not so from a category 3 or 4 hurricane. Special Assessment funds would be insufficient to provide full recovery to the community in a major storm. In the last 25 years, 3 category 5 storms, have come ashore on the east coast. To date, total costs for Hurricane Irma are yet to be determined. The committee had no recommendation to the CSA Board with respect to any potential Special Assessment for the costs associated with Irma recovery. Those costs are still being accumulated.

Beacon Insurance offers a storm policy based on wind speed. Wind-speed detectors are installed and record wind conditions at varying locations. When recorded wind speed reaches the policy requirement, a check is automatically generated. No receipts are required for damage sustained and/or costs for recovery from the storm. A \$10,000,000 policy carries a yearly premium of approximately \$450,000. There is no guarantee that coverage would be provided beyond an annual policy period, or that the premium would not increase. The sense of the committee is to continue to explore and evaluate insurance coverage, but no action be taken at this time.

New Business

2017 Budget Amendments – Victoria Shanahan

At the recommendation of the IT Committee, Tribridge Inc., reviewed and assessed CSA’s systems over a period of 10 days, after which Net Suite was recommended as the preferred enterprise software system for CSA. This system will interact with HR’s system, eliminating the need of ADP to process payroll and with customization, will also interact with ABDI. As a major enterprise platform, the system will solve many problems faced by CSA today. To implement this project in 2017, including licensure, an amendment to the 2017 budget in the

amount of \$222,816, will be necessary. This covers the remaining 3 months of 2017. The implementation is anticipated to continue into 2018 for approximately the same amount. The cost of the implementation and annual fees to maintain the system will be included in the 2018 budget.

At the recommendation of the MEMP Committee, Mr. Fredericks presented the anticipated project at the Greenwood Drive/South Sea Pines intersection. The project is deemed necessary to improve safety conditions at the intersection. Both the MEMP and the Safety and Security committees approved an additional expenditure above amounts already included in the 2017 budget. Included factors would be: addition of an island in the middle of the intersection, thereby changing the geometry (approved by the Town of Hilton Head Island) and slowing traffic; stamping of 2 crosswalks and addition of leisure trail between post and chain to connect beach walks. To implement this project in 2017, an amendment to the 2017 budget for an additional amount of \$130,000, will be necessary.

A motion was made by Richard Speer to approve the amendment to the 2017 budget, for the addition of \$130,000 for South Sea Pines Drive and Greenwood Drive intersection and \$222,816 for Enterprise software. Further, \$45,550 for Spotted Sandpiper repave, \$634,250 for Deer Island bridge, \$6,500 for Welcome Center remodel, \$80,000 for Fox Grape leisure trail and \$22,640 for dune beach walks, will be moved out of the budget. In summary, \$352,816 is being added to the 2017 budget and (\$788,940) deferred, resulting in a budget amendment decrease of (\$436,124)". The motion was seconded by Lee McCollum. John Farrenkopf opposed. With the majority of the Finance Committee voting in favor, the motion carries.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved amending the 2017 budget, with a budget amendment decrease of (\$436,124), as submitted”.

2018 Budget – Victoria Shanahan

The 2018 budget will be approved at the November 21, 2017, CSA Board of Director’s meeting and is currently under review.

Strong determining factors under review for the 2018 budget include: storm water allowance and tree care. The Town of Hilton Head Island has agreed to spend \$651,000 this fiscal year, on storm water infrastructure components for which the Town is responsible to repair or replace. CSA has the capacity to clean pipes, stabilize lagoons and bring processes in-house, to realize savings. The Maintenance Department would like to initiate a pro-active tree care program, to include: hiring a tree inspector, pro-active inspections, annual pruning cycle and culling of stressed trees from recent storms. Requested ongoing costs (new for 2018) include hiring outside removal and bucket crew contractors as part of this program.

The Finance Committee will hold workshops in October and November, in preparation of finalization of the 2018 budget.

Committee Member Comments – David Borghesi

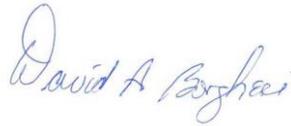
There were no further comments.

Adjournment

With no further business to come before the Board, Chairman Borghesi adjourned the meeting at 10:30 a.m. The next scheduled meeting, of the CSA Inc., Finance Committee, is Monday, November 14, 2017, 9:00 a.m., at the CSA Administration Building.

A motion was made by Richard Speer to adjourn the meeting at 10:45 a.m. The motion was seconded by David Herskovits and unanimously carried.

Respectfully Submitted,

A handwritten signature in blue ink that reads "David A. Borghesi". The signature is written in a cursive style with a large initial 'D'.

David Borghesi
Chairman