

**Community Services Associates, Inc.**  
**Finance Committee Meeting**  
November 14, 2017

On Tuesday, November 14, 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:	David Borghesi	John Farrenkopf	David Herskovits
	Lisa Laudermilch	John McEnery	Richard Speer
	Michael Tucker		
Ex-Officio:	Mark Griffith		
Absent:	Carolyn Adams	Lee McCollum	Ray Warco
Staff:	Sandra Archer	David Henderson	Bret Martin
	Victoria Shanahan	Hayes Williams	

**Ratify Approval of the September 19, 2017, Meeting Minutes**

The September 19, 2017, Finance Committee meeting minutes were approved by email. David Herskovits made the following motion, seconded by John Farrenkopf and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the September 19, 2017, meeting, as finalized by email”.

**Financial Update**

**Acceptance of YTD/September 2017 Financial Statements** – Victoria Shanahan

The balance sheet as of September 30, 2017, was reviewed. Total assets and liabilities/equity fund balances, on an accrual basis, are \$21,880,085, an increase of \$2,689,687 over the same period last year.

The income statement, as of January 1 through September 30, 2017, was reviewed. Actual revenues over expenditures are \$3,506,924, compared to budgeted 892,830, resulting in a positive variance to budget of \$2,614,094. This compares to a total net income of \$2,599,527, for the same period in 2016, resulting in a \$907,397 change, year over year.

- The statements were reviewed on a line by line basis. To note, there remains over \$100,000 in account receivable for assessments fees. Liens have been placed on 24 properties.

A motion was made by David Herskovits to accept the unaudited September 2017/YTD financial statements as submitted. The motion was seconded by Michael Tucker and unanimously carried.

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

**Unfinished Business** – David Borghesi

There was no unfinished business to discuss.

**Review of 2017 Forecast** – David Borghesi

- Increases in the annual gate fee permit and commercial daily gate fee to \$10, have impacted the 2017 forecast.

**2018 Budget Discussion**

**RPO Budget Discussion** – David Borghesi

- Per the covenants, the yearly Residential Property Owner Assessment, must be calculated on a CPI % analysis, rolling 12 month weighted average, resulting in a maximum increase of 2.12%. When applied, this will raise the 2018 Residential Property Owner Assessment fee, to \$1050.

**RPO Assessment for 2018** – David Borghesi

A motion was made by David Herskovits to approve an increase in the residential property owner assessment for 2018, bringing it to \$1050. The motion was seconded by Lisa Laudermitch and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved an increase over the 2017 Assessment, bringing the 2017 Residential Property Owners Annual Assessment, on an improved lot from \$1028 to \$1050 and the 2018 Residential Property Owners Annual Assessment, on an unimproved lot, from \$613 to \$626.

**Operating Expenditures** – David Borghesi

- Operating Expenditures and the budgeted effects, were reviewed.
- Several new positions are deemed necessary and included in the budget. The maintenance department requests 3 new positions: 2 for storm-water and 1 carpenter. Some storm-water maintenance tasks can be brought in-house, at a cost savings. The addition of an arborist, focusing on tree assessments, in a part time capacity, \$30,000.
- The Town of Hilton Head Island has committed to provide \$650,000 in June 2018, to Sea Pines Plantation for storm-water related issues.
- An additional \$60,000 needs budgeted for Ocean Woods to cover the cost of cutting an additional 16 acres of grass, due to new growth related to sunlight penetration, from Hurricane Matthew.
- Trolleys are scheduled for replacement in 2019.
- The cost of communications licensing, video recordings, webinars and \$25,000 referendum costs, have never been budgeted before and increased the General Administration line. Human Resources reflects an increase due to ADP fees.
- An IT grant, in the amount of \$117,000/year, for 5 years, was secured.

### Cap & MR&R Expenditures

- Capital and major repairs and replacements projects were reviewed. Major components were: capital review (\$714,383), road re-surfacing, (\$2,180,550), leisure trail and bridges (\$160,600), safety related items and enhancements (\$259,692).

### Potential Irma Special Assessment

- In excess of \$55,000 has been spend on Hurricane Irma, on beach clean-up. Special funding for Irma has not been requested. All Hurricane Irma costs are kept separate and tracked.

### Recommendation to Board of Directors

A motion was made by John Farrenkopf to recommend to approve the 2018 budget, less \$15,000 in MR&R and to not commence the Greenwood Drive project until fall 2018. The motion was seconded by David Herskovits and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, recommends to the CSA Board of Directors, to approve the 2018 Budget, as presented, less \$15,000 in MR&R and the Greenwood Drive project to not commence until the Fall 2018”.

### New Business

#### Sea Pines Forest Preserve Contribution Request – David Henderson

- To date, \$75,000 has been spent in the Sea Pines Forest Preserve on Hurricane Matthew related activities. Logging and consulting fees will be presented to the Trust for reimbursement.
- Logging has generated \$39,000 in revenue. An additional \$35,000 is needed by year-end, for additional clean-up work being done.

#### Cash YE Requirement – Victoria Shanahan

- Investments have been made into a Morgan-Stanley account. Approval will be sought from the Board to authorize the borrowing of funds, from such account, if needed.

A motion was made by David Borghesi, for the Finance Committee to recommend to the CSA Board of Directors, to approve a line of credit availability. The motion was seconded by John Farrenkopf and unanimously carried

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, recommends to the CSA Board of Directors, to approve Mark Griffith, Bret Martin and Victoria Shanahan, to have the authority to draw down on the Morgan Stanley Line of Credit, up to \$500,000, as needed, for cash expenditures through year-end, to be paid back as 2018 assessments are collected”.

#### 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 10:40 a.m. The next scheduled meeting, of the CSA Inc., Finance Committee, is Tuesday, January 16, 2018, 9:00 a.m., at the CSA Administration Building.

A motion was made by John Farrenkopf to adjourn the meeting at 10:40 a.m. The motion was seconded by Lisa Laudermitch 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