

Community Services Associates, Inc.
Board of Directors Meeting
September 25, 2018

On Tuesday, September 25, 2018, a regular meeting of the Community Services Associates, Inc., (CSA), Board of Directors, was held at the Sea Pines Community Center, 71 Lighthouse Road, Hilton Head Island, SC, 29928.

Roll Call

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|---------------------|-------------------|------------------------|---------------------|
| Present: | Carolyn Adams | Barry Barth | Steve Birdwell |
| | David Borghesi | Cary Corbitt | Paul Crunkleton |
| | Mark Griffith | Bill Johnson | Charles Miner |
| | James Richardson | Stu Rodman | Donald Sigmon |
| | Bob Sowers | Michael Tucker | |
| Via Teleconference: | Jim Kaskie | Mark King | |
| Absent: | Scott Richardson | | |
| Staff: | Sandra Archer | Bret Martin | Jean McElroy |
| | Victoria Shanahan | Amanda Sutcliffe-Jones | Stephen Vinciguerra |

Call to Order

The meeting was called to order by Mark Griffith, Chair, at 3:00 p.m., Eastern time.

Establishment of Quorum – Carolyn Adams

With the majority of Board Members present, quorum was established.

Ratify Vote of Elected Class “B” Director, September 25 – December 31, 2018, Vacant Position – Chair Griffith

A motion was made by Stu Rodman, to ratify the vote to elect Jim Kaskie to the vacant position on the Board of Directors, as Class “B” Director. The motion was seconded by Charles Miner and unanimously carried. Mark King was not present to vote:

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, ratified the vote to elect Jim Kaskie, to the vacant position on the Board of Directors, as Class “B” Director, effective immediately and to complete the remainder of the term, ending December 31, 2018, as finalized by email”.

Ratify Approval of the May 22, 2018, July 5, 2018, July 27, 2018, Board/Special Meeting Minutes

A motion was made by Bill Johnson, to ratify approval of the March 27, 2018, July 5, 2018, July 27, 2018, Board of Directors/Special, meeting minutes. The motion was seconded by Charles Miner and unanimously carried. Mark King was not present to vote:

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, approved the minutes of the May 22, 2018, July 5, 2018, July 27, 2018, Board of Directors/Special meeting minutes, as finalized by email”.

CSA Reports

President’s Operations Report – Bret Martin

- Condolences were given for the Cline family.
- A concept for the reconfiguration of the Gallery of Shops will be presented to the Board for approval, later in this meeting.
- Hurricane Florence dictated much preparation and frequent plan changes. Although spared from the storm, there will be financial impact.
- Boardwalks and beachwalks still need repair and rebuild. \$140,000 could be eligible for storm damage refund.
- Tree damage is ongoing and will have a significant impact on the budget. A presentation will be provided to the community, at a later date, on the tree damage and recovery process.
- Boardwalk # 23 suffered damage during the construction project of the seawall. Cost of boardwalk repair, estimated at \$8,000, will be paid by five property owners, participating in the project. Under consideration, is to widen the boardwalk, providing access for security vehicle to access the beach. Barriers would be installed to prevent regular vehicles access to beach.
- Budget preparation is underway.
- Greenwood Drive construction project, Phases I and II, are expected to be complete early November, weather permitting. Phase II, Governors Road to Plantation Drive, is a night contract, with one alternating lane open at night, 8:00 p.m. through 7:00 a.m.
- Two comments of concern received regarding detoured roadways. Governors Road and Club Course Drive do not have leisure trails. Advisories have been sent and extra signage posted. The public is advised to not walk, nor ride bikes, on Governors Road during construction project. Vehicular access onto Lot 4, via Governors Road, has been provided for those who live on Governors Road.

ARB Liaison – James Richardson

- Total Dwelling Units allowed by Covenant are 5,890. As of August 31, 2018, represented are: “Class A” - total lots remaining, 94; total homes, 3738; “Class B” - multi-family dwelling units, 1989 and uncommitted dwelling units, 63.
- The August 2018 Status Report reflects: new single family residences – 2; additions/alterations – large 6, small 20; pools – 3; commercial – 3; miscellaneous – 62; demo – 2; new single family residence starts – 2.

CSA Short Term Rental Committee – Bill Johnson

- An outreach meeting to all rental companies, was held Friday, September 21, 2018, at the Sea Pines Community Center. The meeting was also available via webinar and well attended.
- The major discussions centered on parking and beach access for 2019. Owners that rent their property had received some negative feedback from their renters, regarding parking and beach access.

- A possible solution, to select and substantially improve a dedicated lot and provide trolley transportation to the beach. A newer trolley, designed with the capacity to transport more beach equipment would be provided for the use of renter's guests, not daily visitors. The lot would have a maximum vehicle capacity of 150, as compared to peak capacity of 90 vehicles, at Beach Club overflow parking lot.

Communications Committee – Barry Barth

- The Committee did not reach quorum at the last meeting and the meeting was not held.
- Director of Communications will reach out to Committee Members to vote on action items.
- Appreciation extended for Bret Martin, Amanda Sutcliffe-Jones, and Jean McElroy for Hurricane Florence communication and to Russell Fredericks for Greenwood Drive project.

Gate Entry Committee – Cary Corbitt, Charles Miner

- At the last Gate Entry Committee meeting, an historical and financial presentation was made on the Sea Pines trolley, by the Director of Finance. This presentation will be repeated for the community, at the October Community Coffee, October 3, 2018.
- Sea Pines Resort has expressed the desire to discontinue paid parking availability, at the Beach Club. The Short Term Committee is studying solutions to this issue, to include allocating and redesigning a lot to be used for beach trolley service.
- The costs for decals, compatible for use with the ABDI system, will increase significantly.
- A motion, allowing motorcycle use, by property owners only, to and from their residence, at the last Committee meeting.

A motion was made by Donald Sigmon, to approve motorcycle usage, for Sea Pines Property Owners only, to and from their residential property only. Motorcycles must be stored in a garage and must be registered with CSA to receive the appropriate decal. Cruising around the Sea Pines community is to remain prohibited. Process to be reviewed after one year. The motion was seconded by Charles Miner. The motion, unanimously, failed. Mark King was not present to vote.

Governance Committee – Charles Miner

- Restatement of ASPPPO Bylaws continues. The first draft, posted for community feedback, will be brought back to Governance Task Force, for final review. The Restated Bylaws will be approved by the ASPPPO Board and voted on by the membership at the Annual Meeting, April 30, 2019.
- A thorough review of the Security Department will be conducted, pending receipt of consultant's Security Department report.

Government Liaison – Stu Rodman

- The upcoming General Election in November, will include penny tax and transportation referendum. A major portion of sales tax revenue will be allocated to bridge and corridor repair, with the balance to other projects. The State will assist with repair of all 4 bridges.

- County representatives are available for a tax assessment discussion, if needed.
- American Airlines began jet service in July, from Hilton Head Island airport. A second major airline is ready to announce commitment and a 3rd airline is likely to follow suit. Anticipated destinations include New York and Washington.

Maintenance, Enhancement and Major Projects Committee – James Richardson

- Construction for Greenwood Drive reconstruction project, Club Course to Plantation Drive began Monday, September 24, 2018.
- Two timber bridges to be constructed on Sea Pines Drive and one bridge to be rebuilt on Greenwood and Sea Pines Drive.
- Drainage and stormwater projects ongoing and include: jetting lines, cleaning catch basins and clearing culvert ends. Storm water issues continue to be identified and reported to the Town.
- Deer Island Bridge repair is scheduled to begin in October, currently in permitting process.
- Lagoon dredging plan currently in permitting process.
- Lawton Canal Leisure Trail Bridge scheduled to begin construction in 2019.
- Gull Point and Audubon Pond project to include railroad tie removal and new landscaping.
- Hurricane Matthew storm funds approved for reconstruction of 11 beach boardwalks, damaged during the storm.
- Tree care program, maintenance plan, costly but necessary.

Safety and Security Committee – Stu Rodman

- There is nothing substantial to report at this time. Sub-committees will bring forward discussion items at the next meeting.
- There are currently no security issues.

Finance Committee – David Borghesi

- The Finance Committee reviewed and accepted the June 30, 2018, financial statements, at the last Committee meeting, September 18, 2018.
- The recent conversion to new system software has taken longer than anticipated. Upon final conversion, the Finance Department will return to financial statement issuance on a regular reporting schedule.
- The Finance Committee approved an amendment to budget, 2018, to incorporate increased costs for Greenwood Drive construction project and trolley purchase.
- A further increase to budget, 2018, to cover the cost of decals, for the ABDI system, needs approved.

A motion was made by David Borghesi to ratify the vote to approve amendment to the Budget, 2018, for trolley purchase and Greenwood Drive construction project. The motion was seconded by Paul Crunkleton and unanimously carried. Mark King was not present to vote:

“**RESOLVED**, Community Services Associates, Inc., Board of Directors, ratified the vote to amend the Budget, 2018, to cover the cost of trolley purchase (3), Hometown Trolley/Coach, March delivery, 2019, in the amount of \$476,768 and the Greenwood

Drive Reconstruction Project – Phases I/II, to include night work in Phase II, in the amount of \$600,000, as finalized by email”.

A motion was made by David Borghesi, to approve amendment to the Budget, 2018, for decal purchase. The motion was seconded by Bill Johnson and unanimously carried. Mark King was not present to vote:

“**RESOLVED**, Community Services Associates, Inc., Board of Directors, approved amendment to the Budget, 2018, for the purchase of ABDI decals, in the amount of \$180,000.

The balance sheet as of June 30, 2018, was reviewed. Total assets, on an accrual basis, were \$22,651,389, a decrease of \$44,171, over the same period last year.

The income statement, for June 30, 2018, YTD, was reviewed. Actual revenues over expenditures, were \$4,167,684, compared to budgeted \$3,093,848, resulting in a positive variance to budget, of \$1,073,836.

The income statement, for the month ended June 30, 2018, was reviewed. Actual revenues over expenditures, were (\$270,349), compared to a total net income of (\$261,879), for the same period in 2017, resulting in an \$8,470 decrease, year over year.

- Current CPI increase is approximately 2.4%. If rate holds, RPO assessments for 2019 will increase by \$25 to \$1075.
- Preliminary cash flow analysis for the remainder of the year indicates a shortfall of available funds, \$2,000,000 - \$3,000,000. To counter the shortfall, funds will be borrowed in November and December, 2018, then the debt liquidated in January 2019, with assessment receipts.
- The Long Range Financial Plan will take into consideration the shortfall that will be created in using 2019 revenues.
- The Finance Committee has scheduled two budget workshops: October 12 and 29, 2018, to review initial drafts of the budget for 2019. The Finance Committee will determine a final recommendation to the Board at its November 6, 2018, meeting. The 2019 budget will be presented at the CSA Board Meeting, November 13, 2018, for approval.

Strategic Planning Committee – Bret Martin, Michael Tucker

- The Strategic Planning Committee worked diligently over many months to develop the Strategic Plan. The Plan was made available for community feedback and the Committee reviewed all comments, prior to approval.

A motion was made by Bill Johnson, to approve the Strategic Plan, 2018. The motion was seconded by Cary Corbitt and unanimously carried. Mark King was not present to vote:

“**RESOLVED**, Community Services Associates, Inc., Board of Directors, approved the Strategic Plan, 2018, as presented”.

- A presentation, outlining goals of the Strategic Plan, 2018 and initial referendum process was provided.
- Strategic Plan, 2018 goals:
 - To develop an inclusive form of governance that equitably reflects community contributions/financial and otherwise;
 - To protect, maintain and enhance the Sea Pines quality of life;
 - To assure CSA has the financial capacity to protect, maintain and enhance Sea Pines assets while providing expected community services.
- Initial referendum process:
 - Adoption of Strategic Plan, 2018;
 - Determine amount of funds necessary, identify source of funds and where to allocate;
 - Referendum, initial terms;
 - Education process and feedback from Community;
 - Community survey to determine support;
 - CSA Board and Sea Pines Resort revise, rethink or move forward with referendum;
 - Referendum finalization and vote
- McNair Law Firm will prepare the language for the referendum, to be brought before the Board for approval at the next CSA Board Meeting, November 13, 2018.

Traffic/Gate Configuration Committee – Bret, Martin, Michael Tucker

- The Committee was focused on 2 issues: removing traffic congestion from the gate and relocating the office for the sales and issuance of passes.
- The Committee approved a conceptual plan, Gallery of Shops, which best addressed the 2 issues.
- The conceptual plan approved by the Traffic/Gate Configuration Committee was presented.

A motion was made by Michael Tucker, to approve the conceptual site plan for Gallery of Shops. The motion was seconded by Stu Rodman and unanimously carried. David Borghesi was not present to vote:

“**RESOLVED**, Community Services Associates, Inc., Board of Directors, approved the conceptual site plan for Gallery of Shops, for issuance and sale of gate passes”.

Land Use Management Committee – Paul Crunkleton, Lee Stevens

- The Committee last met September 11, 2018.
- The Committee decided the need to enhance the role of the Land Use Monitor and the need for outside counsel.
- A presentation of the function and effectiveness of the Land Use Management Committee was provided. Land Use Monitor current duties, support for growth in the position from part to full time and expanded duties, were included.
- New LUM Committee processes under consideration, must be verified that they are allowable under the covenants.

- The position would be CSA hired, budgeted for 2019 and service agreement drawn. HR would create position and recruit.
- These are preliminary stages and will be brought before the Board again, at a later date.

Unfinished Business

There was no unfinished business to discuss.

New Business

Acceptance of Financial Statements, YTD/June 30, 2018 – David Borghesi

A motion was made by Barry Barth, to accept the financial statements, YTD/June 30, 2018. The motion was seconded by Cary Corbitt and unanimously carried. David Borghesi was not present to vote:

“**RESOLVED**, Community Services Associates, Inc., Board of Directors, approved acceptance of the financial statements, YTD/June 30, 2018, unaudited, as presented”.

Announcement of Date of Record, Election 2018 – Chair Griffith

- The Date of Record, Election 2018, was announced. To be eligible to vote in Election, 2018, you must be a property owner as of October 1, 2018.

Approval of Amendment to Gate Entry Policy – Cary Corbitt, Charles Miner

A motion was made by Carolyn Adams to approve the amendment to the Gate Entry Policy. The motion was seconded by Charles Miner. Chair Griffith, Carolyn Adams, Barry Barth, Steve Birdwell, Cary Corbitt, Paul Crunkleton, Bill Johnson, Jim Kaskie, Charles Miner, James Richardson, Stu Rodman, Bob Sowers and Michael Tucker voted in favor. Donald Sigmon voted against. David Borghesi was not present to vote. With the majority of the Board voting in favor, the motion carried:

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, approved amendment to the Gate Entry Policy, as presented. Amendments included:

- 4.5 – Marriott Grande Ocean Resort policy update to reflect the MORI Non-Exclusive Easement and Conveyance of Rights.
- Appendix A – Weekly Rental Pass available purchase at the CSA entrance gate (\$20 fee). This pass is effective from April 30, 2018 and can only be purchased by Sea Pines guests renting short term.
- Part 7 & Part 8 – Short Term Rental pass procedure update for Rental Property Owners and Rental Management Companies (effective April 30, 2018).
- 3.1.5 – Retail Customers, Sea Pines commercial tenants that contribute to the Community Fund are authorized to schedule up to 250 complimentary customer passes per calendar year via a “C-Code”
- 10.2 – Hilton Head Preparatory School staff may purchase additional “HH Prep Employee” decals (decals fee to reflect the at cost amount CSA were charged)
- 1.2.2 – Rental Code may be suspended if the property owner is delinquent in the payment of CSA assessment fee.

- Appendix A and Part 11 – Casual Daily Visitor Pass, 2 axle vehicle with single or double axle trailer, fixed rate of \$12.00”.

Ratify Approval of Encroachment Agreement, Live Oak, Lot 2 – Chair Griffith

A motion was made by Charles Miner to ratify approval of the encroachment agreement, Live Oak, Lot 2. The motion was seconded by Carolyn Adams and unanimously carried. David Borghesi was not present to vote.

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, ratified the vote on the approval of the encroachment agreement, Live Oak, Lot 2, as finalized by email”.

Ratify Approval of Encroachment Agreement, Marshview Drive, Lot 53 – Chair Griffith

A motion was made by James Richardson to ratify approval of the encroachment agreement, Marshview Drive, Lot 53. The motion was seconded by Charles Miner and unanimously carried. David Borghesi was not present to vote.

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, ratified the vote on the approval of the encroachment agreement, Marshview Drive, Lot 53, as finalized by email”.

Ratify and Approval of Budget Amendment, 2018: Trolley Purchase, Greenwood Drive Construction Project – Phases I/II, ABDI Decals – David Borghesi

Refer to CSA Reports, Finance Committee.

Approval of Appointment, Architectural Review Board Member, 2019 – Chair Griffith

A motion was made by Barry Barth to approve appointment of the Architectural Review Board Member, 2019. The motion was seconded by Charles Miner. Bill Johnson abstained. With the majority of the Board voting in favor, the motion carried. David Borghesi was not present to vote:

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, jointly approves, with the Association of Sea Pines Property Owners, Board of Directors, Inc., the appointment of Susan Johnson, as an alternate member of the Architectural Review Board. The one year term will begin January 1, 2019 and end December 31, 2019”.

Ratify Vote of Elected Class “B” Director, September 25 – December 31, 2018, Vacant Position – Chair Griffith

Refer to Establishment of Quorum.

Approval of Law Office of Chester C. Williams, LLC, Letter of Engagement – Paul Crunkleton

- Letter of Engagement for Chester C. Williams was reviewed. It was decided the letter requires amendment, to include a monetary cap and provision that a budget per project, be presented to the Board for approval. ASPPPO is responsible for the cost.
- The letter of engagement also requires approval from ASPPPO Board of Directors.

- There was opinion that the law firm engaged, should have litigation capability, which Law Office of Chester C. Williams, LLC, does not.

A motion was made by Carolyn Adams to approve the Letter of Engagement, Law Office of Chester C. Williams, LLC, as amended. The motion was seconded by Barry Barth. Chair Griffith, Barry Barth, Cary Corbitt, Paul Crunkleton, Jim Kaskie, Mark King, Charles Miner, James Richardson, Stu Rodman, Donald Sigmon and Michael Tucker voted in favor. Carolyn Adams abstained. Bill Johnson voted against. With the majority of the Board voting in favor, the motion carried. David Borghesi was not present to vote:

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, approved the Letter of Engagement Letter, Law Office of Chester C. Williams, LLC, as amended, to include a monetary cap and provision that a budget, on any engagement undertaking, is submitted to the committee for approval. The committee must stay within the budget unless otherwise approved by the Board”.

Approval of Committee/Board Meeting Schedule, 2019 – Chair Griffith

A motion was made by Michael Tucker to approve amendment to the Committee/Board Meeting Schedule, 2019, to include meetings in the month of October, 2019. The motion was seconded by Carolyn Adams and unanimously carried. David Borghesi was not present to vote.

“**RESOLVED**, the Community Services Associates, Inc., Board of Directors, approved amendment to the Committee/Board Meeting Schedule, 2019, to include meetings in the month of October, 2019, as presented”.

Review of Land Use Monitor Position – Lee Stevens

Refer to CSA Reports, Land Use Management Committee.

Approval of Motorcycle Usage, Sea Pines Property Owners – Cary Corbitt, Charles Miner

Refer to CSA Reports, Gate Entry Committee.

Approval of Conceptual Site Plan for Gallery of Shops – Michael Tucker

Refer to CSA Reports, Gate Reconfiguration, Traffic Committee.

Approval of Strategic Plan, 2018 – Michael Tucker

Refer to CSA Reports, Strategic Planning Committee.

Board Member Comments

- Discussion on the color of the trolleys ensued. The ARB was tasked to review color options for the trolley.

Adjournment

With no further business to come before the Board, Chair Griffith adjourned the meeting at 5:05 p.m. The next scheduled meeting, of the CSA Board of Directors, is Tuesday, November 13, 2018, 3:00 p.m., at the Sea Pines Community Center.

A motion was made by Bill Johnson to adjourn the meeting at 5:05 p.m. The motion was seconded by Cary Corbitt and unanimously carried. David Borghesi was not present to vote.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Carolyn Adams". The signature is written in a cursive style.

Carolyn Adams
Secretary