



ADMINISTRATIVE OFFICES
OFFICE (843) 671-1343
FAX (843) 671-4027
www.SeaPinesLiving.com

Community Service Associates, Inc.
Board Meeting Minutes
November 25, 2014

CSA Chairman Charlie Ryan called the CSA Board of Directors to order at 3:00 p.m., in the rear conference room of the Sea Pines Community Center.

1. **Roll Call**

Present:	Carolyn Adams Paul Crunkleton Mark King Charles Ryan Michael Tucker	David Borghesi Mark Griffith Rob Marsac Don Sigmon Chris Widnell	Cary Corbitt Joe Kernan Charlie Miner John Trunk
Absent:	Steve Birdwell	Scott Richardson	Mark Yarborough
Staff:	Bret Martin Mark Dowaschinski	Jennifer Losch Jeanne Pearse	William Leitner

2. **CSA Operations Oversight Reports**

- a. **CSA President Operation Report** – Mr. Martin said staff has completed the budget for 2015 and received approval from the Finance and Executive Committees. The possibility of changing CSA's tax status to one of being tax exempt is also being recommended for approval by the Finance and Executive Committees. Mr. Martin had developed an Emergency Reserve Funding Policy which was on the agenda for adoption by the board. He also noted that work on the Long Range Strategic Plan was ongoing. The Protiviti risk analysis assessment results had been received and the issues are being addressed. A better understanding is needed of their recommendations; perimeters need to be set up and a plan presented to the board for adoption.
- b. **ARB Liaison Report** – Mr. Richardson was absent and no report was given.
- c. **Joint ASPPPO/CSA Short Term Rental Committee** – No meeting was held.
- d. **Gate Entry Committee** – Mr. Corbitt said a meeting was not held and there were no updates.

- e. **Landscape and Maintenance Committee** – Mr. Griffith said the committee had met on November 6th. Work on the re-paving of roadways is continuing. The bamboo replacement project on Greenwood Drive has been completed and the removal of bamboo is being considered in other areas where homes are not adversely affected. The picket-type railings on one board walk at Tower Beach are placed so close together and look more like a fence, are being changed out to match the newer type wire rails. The committee decided to keep CSA's holiday decoration plan for this year the same as in previous years, but may again address this in the future.

Mr. Griffith also noted that many of this committee's members would exceed the six year term limit permitted by CSA by-laws beginning in 2015, and would be going off the committee. However, previously, an exception had been made for the number of members (currently at 17) to exceed the amount permitted due to the combining of the Beautification and Maintenance committees into one committee and Mr. Griffith was thinking around 12 members would be eligible. It was noted the CSA by-laws limit committee membership to nine members. This should be rectified for next year.

Mr. Crunkleton noted that the cell tower proposals will probably not move forward until the end of the year due to funding issues of the interested parties.

Many of the plastic reflectors which are glued to the roadway are missing and it was suggested to follow up on this issue.

- f. **Long Range Strategic Planning Committee** – Mr. Tucker presented the four initiatives the committee was proposing:
- i. To develop policies and programs that assure the financial sustainability of Sea Pines Plantation by continually evaluating the long term needs of the community
 - ii. To initiate a community wide partnership aimed at perpetuating Sea Pines Plantation as a world class resort and residential destination.
 - iii. To develop policies and programs that will enhance and preserve the quality of the Sea Pines lifestyle.
 - iv. To create and maintain a trusted governance model that equitably reflects community contributions.

Upon board approval of the plan's basic initiatives, the CSA staff will finalize the specific tactics aimed at achieving the basic initiatives over the next five plus

years. Once the plan has been fully developed, it will be presented to the board and community before being voted upon by the CSA Board.

- g. **Safety and Security Committee** – Mr. Marsac said the committee had not met, but plans on improving the leisure trails and improving signage is continuing. He, on behalf of the committee, commended Toby McSwain, the new Director of Safety and Security, for making many needed improvements and moving CSA into the future.
- h. **Government Liaison** – A report was not given.
- i. **Finance Committee** – Mr. Borghesi said the summary sheet explained the financial variances for the month and asked if there were any questions. No questions were presented.

Mr. Borghesi then summarized the many items that were being presented by the committee for approval at today's meeting:

- i. Approval of the increase for the annual assessment and the budget for 2015 – The proposed budget for 2015 reflected an increase of 1.677% to CSA's assessments: the assessment for developed property would increase from \$999 per year to \$1,016; the assessment for undeveloped property would increase from \$596 to \$606. The budget being proposed reflected revenues at \$10.7 million and operating expenses at \$10.6 million, leaving a narrow margin. This year's budget reflected the highest increase ever in expenses due to the hiring of additional personnel and increasing the number and types of services being performed. The consensus of the Finance Committee was that these expenses were reasonable and were recommending approval of the budget.
- ii. CSA's tax status and transfer of funds – Mr. Borghesi said it is highly probable that CSA will have to pay taxes in 2014. Mr. Martin is researching changing CSA's tax status from a homeowner association to a tax exempt status, as other property associations in the low country have done. As a precautionary measure for 2014, the Finance Committee was recommending the transfer of funds between accounts to protect CSA's current tax status. These items were on today's agenda for approval.
- iii. 2014 Audit – Mr. Borghesi would like authorization to sign the agreement letter with Elliott Davis to perform the audit in 2014 for CSA. If approved, the auditors will return in February to complete their work. It was noted that this is a standard agreement.

- iv. Emergency Reserve Funding Policy – Mr. Martin had compiled an Emergency Reserve Funding Policy as an addendum to CSA’s Financial Policy. This document gives an overview of the funds that may be available in the event of an emergency.

3. **New Business**

- a. **Acceptance of Un-audited October 2014 Financial Statements** – A copy of the un-audited financial statement was included in the board package and reviewed. Mr. Kernan made the following motion which was seconded by Mrs. Adams and was unanimously passed:

“RESOLVED, the CSA Board accepts the unaudited October 2014 financial statements as submitted.”

- b. **Approval of the CPI Increase for Annual Assessments** – The proposed budget for 2015 reflected an increase of 1.677% to CSA’s assessments: the assessment for developed property would increase from \$999 per year to \$1,016; the assessment for undeveloped property would increase from \$596 to \$606. Mrs. Adams made the following motion which was seconded by Mr. Widnell and was unanimously passed:

“RESOLVED, the CSA Board approves the 1.677% increase in the annual assessments for 2015. The annual assessment for developed property will increase from \$999 to \$1,016 in 2015; undeveloped property will increase from \$596 to \$606.”

- c. **Approval of the CSA Budget for 2015** – Discussion was held on the proposed budget and Mr. Borghesi made the following motion which was seconded by Mr. Griffith and was unanimously passed:

“RESOLVED, the CSA Board approves the proposed CSA Budget for 2015, with budgeted revenues of \$10,694,377; budgeted operating expenses of \$10,637,975 and capital expenditures for new and replacement fixed assets of \$709,000.”

- d. **Tax Status-** Mr. Martin had been in discussions with Mr. Gary Porter of Hinricher, Douglas and Porter, LLP, to determine if CSA could be considered as a tax exempt corporation under IRS Code Section 501(c)(4). Changing CSA’s tax status would be beneficial to CSA. An application needs to be prepared for the purpose of obtaining this tax status and Mr. Martin is requesting authorization to enter into a contract with the accounting firm to perform this service. Discussion was held and Mr. Borghesi made the following motion which was seconded by Mr. Marsac and was unanimously passed:

“RESOLVED, the CSA Board authorizes the President to enter into a tax service agreement dated November 12, 2014 with Hinricher, Douglas & Porter, LLP.”

- e. **Approval of Fund Transfer from IRF into the Operating Fund** – Mr. Borghesi had explained the purposes of the transfer earlier in the meeting. Mr. Borghesi made the following motion which was seconded by Mr. Tucker and was unanimously passed:

“RESOLVED, the CSA Board approves a transfer of \$406,179 from the Infrastructure Reserve Fund to the Operating Fund for the costs associated with acquisition of fixed asset replacements made through October 31, 2014, as itemized in the attached listing.”

- f. **Approval of Fund Transfer from Operating Fund into the IRF** – Mr. Borghesi made the following motion which was seconded by Mr. Marsac and was unanimously passed:

“RESOLVED, the CSA Board approves a transfer of \$400,000 to the Infrastructure Reserve Fund from the Operating Fund.”

- g. **2014 Audit** – The standard agreement was reviewed and Mr. Borghesi made the following motion which was seconded by Mr. Marsac and was unanimously passed:

“RESOLVED, the CSA Board authorizes the Treasurer to confirm Elliott Davis’s audit services of CSA’s 2014 financial statements as stated in the Elliott Davis engagement letter dated November 17, 2014.”

- h. **Emergency Reserve Funding Policy** – The proposed policy was reviewed and Mr. Borghesi made the following motion which was seconded by Mr. Marsac and was unanimously passed:

“RESOLVED, the CSA Board approves the Emergency Reserve Funding Policy effective November 25, 2014, as an addendum to CSA’s Financial Policies.”

- i. **Approval of the Finance Committee Charter** – This item was postponed until 2015.
- j. **Ratify Vote on Approval of October 28, 2014 Meeting Minutes** – The CSA board voted on approval of the October 28, 2014, meeting minutes by email to

expedite their release on the website and property owner review. Mrs. Adams made the following motion which was seconded by Mr. Marsac and was unanimously passed:

“RESOLVED, the CSA Board approves the meeting minutes of the October 28, 2014, meeting as finalized by email.”

- k. **Appointment of the Full-time ARB Member** – Mrs. Julie Nelander has finished her three-year term as the CSA appointed member and is not currently eligible to be re-appointed. Mr. Bob Wills, a property owner, has expressed his interest to serve as a full-time member. Only the *Class A* members of the CSA Board vote on this appointment. Mr. Ryan made the following motion which was seconded by Mr. Griffith and was unanimously passed:

“RESOLVED, the CSA Board *Class A* members appoint Bob Wills as the full-time member of the ARB for one, three-year term beginning on January 1, 2015 and ending on December 31, 2017.”

- l. **Appointment of the Alternate ARB Member** – The Alternate member of the ARB is jointly appointed by the ASPPPO Board and the *Class A* members of the CSA Board. The Alternate member only serves a one-year term. The ASPPPO Board had approved a resolution to re-appoint Mr. Rosser at their meeting held earlier this morning, contingent upon the vote of the CSA Board. Mr. Ryan made the following motion which was seconded by Mr. Griffith and was unanimously passed:

“RESOLVED, the CSA Board *Class A* members appoint Terry Rosser as the Alternate Member of the ARB to serve a one-year term beginning on January 1, 2015 and ending on December 31, 2015.”

- m. **Change of January 8, 2015 Meeting Date** – Many board members were not able to be in attendance for the January 8th luncheon and after some discussion, the meeting date was changed to January 15th and will be held from 11:30 in the Magnolia Room at the Plantation Golf Club.

Discussion continued on the board’s meeting dates for 2015 and it was decided to wait until the new board members were elected and in place before making a decision on the actual dates.

4. **Old Business**

- a. **New Litigation** – Mr. Marsac said a renter of a home in Sea Pines has begun litigation against CSA.

- b. **Update on USCB/LMO Traffic Issues** – A meeting was held in the early part of November at Town Hall and another meeting is scheduled for December 8th with new Mayor, David Bennett and new Town Council Member, Tom Lennox. The Task Force will meet prior to December 8th to prepare. Mr. Kernan was asked to send his remarks regarding the LMO and traffic study to the full board for their review. Earlier at the ASPPPO Board meeting, held just prior to the CSA Board meeting, it was suggested that ASPPPO President Jordan meet with the new Mayor to see if a moratorium on any new development would be put into place until a traffic study was performed, including the impact on utilities, such as the fresh water supply.

The task force members were thanked for all their work on this issue.

- c. **Update on Protiviti Enterprise Risk Analysis Report** – This item was discussed during the CSA President's Operations Report.
- d. **Long Range Strategic Plan Review and Discussion** – This item was discussed under the report of the committees.
- e. **Update on The Sea Pines Resort Projects** - The Harbour Town golf course will be closed from four to five months for re-grassing and installation of a new irrigation system beginning in May of 2015 through September 2015. The redesign of the Ocean golf course will begin in October of 2015 and that golf course will be closed until September 2016. The Resort is also studying their restaurants and other facilities for improvements.

5. **Board Member Comments**

No comments were made.

6. **Adjournment**

With no further business, the meeting adjourned at 11:45 a.m. The next CSA Board meeting will be the luncheon and is scheduled for January 15, 2015, at 11:30 a.m. in the Magnolia Room of the Sea Pines Plantation Golf Club.

Respectfully submitted,



Carolyn Adams
Secretary