

Community Service Associates, Inc.
Board Meeting Minutes
February 23, 2015

CSA Chairman Mark Griffith, called the CSA Board of Directors meeting to order at 3:00 p.m., in the rear conference room of the Sea Pines Community Center. He welcomed new CSA Directors: James Richardson, Beverly Serral and Rich Speer.

1. **Roll Call**

Present:	Carolyn Adams Paul Crunkleton Mark King Beverly Serral John Trunck	David Borghesi Mark Griffith Charlie Miner Don Sigmon Michael Tucker	Cary Corbitt Joe Kernan James Richardson Rich Speer Mark Yarborough
Absent:	Steve Birdwell	Scott Richardson	
Staff:	Bret Martin Jennifer Losch	Cynthia Gray Mark Dowaschinski	William Leitner Jeanne Pearse

2. **CSA Operations Oversight Reports**

- a. **CSA President Operation Report** – Mr. Martin said he had received comments on the Long Range Strategic Plan and was composing a document of frequently asked questions (FAQ) that would be sent to the board members for their review and later posted on the website.

Mr. Porter, of Hinricher, Douglas and Porter, LLP, who was contracted to determine if CSA could be considered as a tax exempt corporation is in the process of completing the application which will be submitted to the IRS.

The annual pool agreements with South Beach and The Sea Pines Resort for property owner usage of the pools located in South Beach and Harbour Town have been received. Both agreements reflect a very slight increase in fees, but are within the budgeted amount for 2015. He will execute the agreements for their renewal.

Mr. Martin said that a two-phase board orientation process had been held for the new members. *Phase I*, covered a review of CSA's documentation including covenants, by-laws and current issues the board was addressing. Guest speakers such as CSA's legal counsel and current board members brought the newer members up to speed. *Phase II*, consisted of presentations given by the department heads of CSA to give an overview of their department's purpose, services provided, achievements and future goals. The second phase was so well received by both the new and existing board members, that it was decided to share a presentation from one the department heads at the beginning of each regular CSA Board meeting.

Mrs. Cynthia Gray, HR Director, was present today to give an overview of Human Resource department. Her topics included:

Mission Statement – To provide high quality and cost-effective human resource programs and services designed to attract, retain and develop diverse employees committed to the achievement of the community's objectives.

Core Services – Recruitment processes, management of employee benefit programs, development of talent and training programs, drug screenings, maintain a competitive wage scale, creation of updating of human resource policies and procedures to enhance organization effectiveness.

2014 Achievements – Obtained a 15% decrease in employee insurance premiums, revised/updated 2014 employee handbook, renewed the benefits program for 2014 within budget while maintaining same employee benefit package, revised the payroll program to accommodate the Health Care Reform, promoted various employee activities for CSA's Wellness Program, coordinated company employee appreciation gatherings, recruited 30 new enrollees into 401K program, personally attended and completed HR Practitioner and Portal Administrator certification program.

2015 Priorities – Employee succession planning, recruitment for Maintenance Director position, retention of quality employees, maintain safety program to insure there are no accidents, re-develop employee performance review procedures and continue to work closely with department heads on personnel issues.

- b. **ARB Liaison Report** – Mr. JR Richardson said there are 134 total Sea Pines’ density units remaining. He also discussed compliance requirement problems with the Town of Hilton Head and OCRM regarding newly constructed and future board walks. He asked for any comments or thoughts regarding the construction of board walks be directed to him.
- c. **Joint ASPPPO/CSA Short Term Rental Committee** – Mrs. Serral said that she and ASPPPO Board member, Mike Jordan, co-chair this committee. Mrs. Serral gave the background of the committee since its inception saying the committee arose first as a task force in 2013, and in 2014, became a standing committee. The group was formed as a result of property owners expressing their concerns over the proliferation and lack of education of vacation rental visitors and rental homeowners.

In 2014, the committee developed and had printed an updated list of rental guest guidelines which was distributed to all Sea Pines rental guests. Approximately 25,000 of these brochures were distributed to vacationers in 2014 through independent rental firms and direct owner rentals. This concerted effort has reflected a positive educational effect and will be continued. The committee plans on researching more technological advanced methods of communication such as a mobile app. Also, the committee will be investigating the possibility of using roving volunteers, interns or staffers to pro-actively anticipate problems instead of waiting until security has to be called in. CSA’s legal counsel has been researching some liability issues that have arisen with this type of program and those issues need to be resolved before any action is taken.

- d. **Gate Entry Committee** – A copy of the committee meeting minutes was included in the board package and Mr. Corbitt gave a quick overview of the items discussed: new technology to count the actual number of trolley passengers; two different trolley routes and schedules, (one for use during the Heritage RBC Tournament and one for normal trolley operations); offsite parking for this year’s golf tournament; training for the trolley drivers; needed repairs for the trolley parking lot; the specifications, locations and installation of the new trolley kiosks budgeted for this year. It was also noted that a new marketing sub-committee was formed with Mark King as its chairman. The purpose of the sub-committee is to market Sea Pines as a whole community including aspects of Sea Pines’ lifestyle.

Mr. Griffith said he had created a Communications Task Force similar to the one mentioned in the Long Range Strategic Plan that would promote Sea Pines' lifestyle and asked Mark King to be a member of this group.

- e. **Government Liaison** – A report was not given.
- f. **Landscape and Maintenance Committee** – A copy of the meeting minutes was included in the board package. Mr. Richardson noted that he had added new members to the committee including Mr. Truitt Rabun, a local landscaping architect who doesn't appear on the committee's roster.

The committee reviewed a proposal from the Marsh Island POA regarding some curbing repairs needed in their area, but more information is required before a recommendation is made.

The committee also reviewed renovation plans for the Ocean Golf Course that were submitted by The Sea Pines Resort, and is recommending the board approve the plan which appears later on today's agenda.

- g. **Safety and Security Committee** – Mr. Tucker said the committee's first meeting will be held in March.
- h. **Finance Committee** – Mr. Borghesi said some of the previous year's committee membership had reached their term limit and he had recruited two board members and three residential members with financial backgrounds. At their February meeting, the newly revised Finance Committee Charter was approved by the members. For the benefit of the new members, a comprehensive review and discussion period was held on the financial aspects of CSA, including the 2014 Year End Financial Statement, wherein, the income statement at year-end reflected an increase of \$9M.

For the April meeting, Mr. Borghesi is inviting Jon Dickson, CSA's financial advisor from Morgan Stanley Smith Barney, to speak on CSA's investments. CSA's current investments were discussed.

Mr. Borghesi relayed that a decision by the IRS on CSA being tax exempt might not be received until the fall of 2015.

3. **New Business**

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

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

- b. **Update on CSA’s 2014 Audit** – The auditors have completed CSA’s audit for 2014 and a meeting was held between the auditors and Messer’s Borghesi and Martin to review the process and results. The auditors relayed that a minor adjustment of \$484 in depreciation was made and it was the best audit ever, in that all the necessary information was received in a timely manner and the audit had progressed well.
- c. **Approval of the Standing Committees and Their Charters for 2015** – Copies of the rosters and charters for the following committees were included in the board package and reviewed: Gate Entry Committee; Finance Committee; Safety and Security Committee and the Maintenance, Enhancement and Major Projects Committee. It was noted that the Maintenance, Enhancement and Major Projects Committee was the new name chosen to replace the former Landscape and Maintenance Committee, mainly because it better defined the committee’s responsibilities.

Mr. Borghesi made the following motion which was seconded by Mr. Speer and was unanimously passed:

“RESOLVED, the CSA Board approves the membership and charters of the standing committees as presented.”

- d. **Ratify Vote on Approval of January 27, 2015 Meeting Minutes** – The CSA board voted on approval of the January 27, 2015, 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. Griffith and was unanimously passed:

“RESOLVED, the CSA Board approves the meeting minutes of the January 27, 2015, meeting as finalized by email.”

- e. **Ratify Vote on Appointment of the Full-time ARB Member** – Mr. Bob Wills who was appointed to replace Mrs. Julie Nelander as the CSA appointed member to the ARB, has declined to serve. The *Class A* members of the CSA Board voted by email to appoint Mrs. Arlene Pierpaoli to fill the open position as a full member for one, three-year term beginning on January 1, 2015 and ending on December 31, 2017. Mr. Griffith made the following motion which was seconded by Mr. Borghesi and was unanimously passed:

“RESOLVED, the *Class A* members of the CSA Board approves the appointment of Arlene Pierpaoli as the full-time appointed ARB member, as finalized by email.”

- f. **Approval of The Sea Pines Resort’s Renovation Plans for Ocean Course** – Mr. Corbitt said The Sea Pines Resort is requesting the Town of Hilton Head approve their renovation plans for the Ocean Course. This project includes the relocation of some of the wetlands and removal of 374 trees. The majority of the trees are sweet gum and pine.

The Town of Hilton Head is requiring approval from the CSA Board. They also stated that tree mitigation has to be performed within Sea Pines Plantation. Plans for the project were reviewed and Mr. Corbitt said community meetings would be held with property owners to address any questions or comments. Mr. Richardson, Chairman of the Maintenance, Enhancement and Major Projects Committee, said their committee had reviewed the plans and were recommending the CSA Board approve the project. He further stated that the Town was going to be asked if it was possible to create a tree fund instead of planting all the trees right away. Mr. King made the following motion which was seconded by Mr. Speer and was unanimously passed:

“RESOLVED, the CSA Board approves the relocation of lagoons and tree removal as shown on the plans, and the tree mitigation proposed for the Ocean Course Project.”

- g. **Approval of the Long Range Strategic Plan in Concept** – Mr. Tucker provided the board members with the historical background on the plan’s formation and progression. He asked the board to approve the plan in concept only and noted that the tactics of the plan may change from year to year. If approved in concept at today’s meeting, the plan would be turned over to CSA President Martin to 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 again to the board and community before being voted upon by the CSA Board. No funds had

been budgeted for any projects in 2015, and before projects were acted upon, would be fully vetted with the community. The four initiatives the committee was proposing were:

- 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.

Mr. Crunkleton made the following motion which was seconded by Mr. Sigmon and was unanimously passed:

“RESOLVED, the CSA Board approves the concept of the Long Range Strategic Plan.”

- h. **CSA Board Priorities for 2015** – Mr. Griffith, CSA Board Chairman, gave an overview of the Executive Committee meeting held on February 17th. The items proposed to appear on today’s CSA Board agenda had been reviewed.

Mr. Griffith had shared his thoughts on what the priorities for the CSA Board should be in 2015, which were:

- i. Complete the reserve study to determine if we have funds available for further asset improvements,
- ii. engage professional assistance to develop a resident data management system and survey program,
- iii. survey our residents to determine their appetite for, and prioritize major investments incorporated in the Long Range Strategic Plan,
- iv. evaluate our gate functionality and develop a plan to improve gate access,
- v. improve condition and maintenance of our waterways and lagoons,
- vi. raise the bar on the level of care for our entry corridors and open space to create the “WOW FACTOR” and regain our position as the premier residential resort community in the country,
- vii. work with the Town to improve Sea Pines Circle and the corridor reaching from the circle to the Sea Pines’ main gate,
- viii. review of the covenants and by-laws for any needed revisions,

- ix. analyze and develop a strategy to return Six Oaks Cemetery to a sound financial position.

Mr. Griffith said that he was forming the following committees and task forces to address the board's priorities for 2015:

- i. A *Governance Committee* whose responsibilities would include reviewing the covenants and by-laws for needed revisions and who would also act as the *CSA Nominating Committee*. He appointed Mr. Speer as its Chairman and noted that Mr. Bob Mang has expressed an interest in serving on the committee. Mr. Speer will create the committee's charter.
- ii. A *Greenwood Gate Task Force* to study the configuration of the Greenwood Gate. Mr. Tucker will chair this task force and their responsibility will be to review the previous studies performed and report their findings to the board.
- iii. A *Communications Committee* to oversee the publications such as the newsletter and also look at engaging a professional company to improve communications with property owners. This committee would be chaired by Mr. Martin and its members would be the chairmen of the other committees.
- iv. A *Traffic Task Force* will continue working with the Town of Hilton Head on issues such as the construction of the USCB on Office Park Road and the need for a traffic study at Sea Pines Circle due to the recent change in density units. Mr. Kernan will act as its Chairman; Mrs. Adams, Mr. Crunkleton and Mr. King will serve on the task force. The ASPPPO Board is also involved in these issues and they have expressed their desire for this to be a joint CSA and ASPPPO task force.
- v. Mr. Scott Richardson will continue to act as the *Government Liaison* to monitor any regulations or items that may affect CSA on the State or Federal level.
- vi. Mr. JR Richardson will act as the *ARB Liaison* for CSA Board since he is already present at those meetings.

At the Executive Committee meeting, it had been determined that the request for funding to do a wetland survey to see if the Forest Preserve

improvements were feasible did not need board approval, since the dollar amount is under what Mr. Martin is authorized to spend.

4. **Old Business**

- a. **Forest Preserve Update** – Mr. Miner, a member of the Forest Preserve Committee, shared a Power Point presentation reflecting the improvements to the Forest Preserve being proposed by its sub-committee. These improvements had been scaled back from improvement plans developed and submitted in prior years and consisted mainly of improving the entrance ways to the Forest Preserve and the facilities at the picnic area of Fish Island. The main reason of improving the entrance ways was for safety reasons as well as aesthetics. The proposed improvements separated vehicular traffic from bicyclists, pedestrians and those on horseback, while providing a more substantive surface of the entry ways that would not wash out after rainfall.

The purpose of the wetland study was to determine if there was enough land space to do the improvements, since this factor played a big part in the cost of the project as well as staying within wetland guidelines and regulations. Mr. Miner will update the board once the study is completed.

- b. **Update on USCB/LMO Traffic Issues** – Mr. Kernan, Chairman of the Traffic Task Force said the Town was going to do a traffic study in June of 2015 and the traffic engineers were to come up with a solution. The Town was now looking at a traffic corridor from circle to circle and gave the task force this name.

He further stated the need to examine circumstances taking the new density unit requirement into consideration including the impact on utilities from any new development, such as the fresh water supply. He shared a Power Point presentation entitled, "*Community Planning Model, What is Missing from Hilton Head Island's Planning Process?*" His presentation stressed the importance of balancing community requirements within the infrastructure, however, his main focus will continue to be on traffic issues.

5. **Board Member Comments**

Public Service District Water and Sewage Treatment Plant- Although, the ASPPPO Board is addressing issues with the Public Service District, it was suggested to have a representative from their company come and speak to residents at a future community coffee meeting. Mr. JR Richardson, who is a Public Service District board member, will bring it up at their next meeting.

6. **Adjournment**

With no further business, the meeting adjourned at 4:55 p.m. The next CSA Board meeting will be held on April 28th at 3:00 p.m. in the rear conference of the Sea Pines Community Center.

Respectfully submitted,



Carolyn Adams
Secretary