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Community Service Associates, Inc.
Board Meeting Minutes
Tuesday, November 24, 2015

CSA Chairman, Mark Griffith, called the CSA Board of Directors meeting to order at 11:00 a.m. in the large conference room of the Sea Pines Community Center.

1. **Roll Call**

Present:	Carolyn Adams Cary Corbitt Joe Kernan Scott Richardson Charlie Miner Michael Tucker	Steve Birdwell Paul Crunkleton Mark King Rich Speer Beverly Serral	David Borghesi Mark Griffith James Richardson Mark Yarbrough Don Sigmon
Absent:	John Trunck		
Staff:	Bret Martin David Henderson Jeanne Pearse	Toby McSwain Victoria Shanahan	Beau Barnett Amanda Sutcliffe-Jones

2. **CSA Reports**

- a. **CSA President Operation Report** – Mr. Martin's report covered several items:
- Santee Cooper will be placing rock in the remaining parking easements next summer. The areas will be hydro-seeded with grass to conceal the white rock, a spot test of a completed area was hydro-seeded earlier this year and has worked well.
 - In December 2015, Hargray plans on beginning the major undertaking of installing fiber-optic cable throughout Sea Pines and should complete their project by March of 2016. They will begin digging in the utility easements of Harbour Town, spread throughout the plantation and will be responsible for returning the areas back to their original condition. Their goal is to provide broadband service to every home.
 - Renovation plans to update the existing fire station on Lighthouse Road are underway and the Fire Chief will be at the December 2nd Community Coffee meeting to give a presentation on the project.
 - The Town of Hilton Head is planning on beginning their beach re-nourishment project at Tower Beach in February. They will then be moving northward along the coastline.

- The property owner survey results should be available in December and shared with the community after it is presented to the Board.
- b. **ARB Liaison Report** – Mr. Richardson said that the numbers of new home construction and renovation is up considerably in comparison to other years. The Density Unit Report for October reflected: one permit for new construction has been approved for the month. There are currently 128 residential lots, 3,839 *Class A* homes and 62 uncommitted dwelling units remaining in Sea Pines. The total number of *Class B* or multi-family dwelling units is 1,989 for a total of 5,890 dwelling units permitted by covenant.
 - c. **Joint CSA/ASPPPO Short Term Rental Committee** – Mrs. Serral said the committee was created to address the concerns of residential property owners regarding rental properties and to help educate renters on Sea Pines rules and regulations. The committee meets with rental agents as well to address their concerns. The biggest issues received from property owners last year were regarding the parking of visitors' vehicles along roadways and the storage of bicycles.

Another important issue the committee works on with Mr. McSwain and Mr. Martin is to communicate and educate property owners regarding the rental pass program. Many property owners are handling the rental of their homes through a website known as: Vacation Rentals By Owners or (VRBO), and are unaware they need to pay for renters' guest passes, especially new owners. A lengthy discussion was held on communicating with owners using VRBO and the recent appearance of B&B operations. The property owner survey may reveal some statistics on this issue, but was dependent upon how many non-resident owners participated. How to improve communications with property owners was also discussed.

- d. **Communications Committee** – Mr. Griffith said that in 2016, this committee and the Executive Committee would look at ways to improve communications with property owners. Some suggestions received and options to consider were: video-taping Board meetings and post them on the website; posting committee meeting minutes on the website and holding more open meetings on projects. Mrs. Adams said the numbers of property owners visiting the website since the beginning of 2015 were very low and it was not being utilized as expected. It was estimated that at the most, the minutes had been viewed 66 times.
- e. **Gate Entry Committee** – Mr. Corbitt said the Gate Entry Committee held a special meeting on November 16th in response to the opposition of the proposed creation of a trolley stop at S. Sea Pines and Greenwood. A revised recommendation was on today's agenda for approval.

- f. **Governance Committee** – Mr. Speer said it was the first year of the committee and they had successfully completed the revisions or re-statement of the CSA By-laws, which the CSA Board had approved. They are continuing to work on their recommendations for the election process of CSA Directors; a two and a half day *Orientation Program* for the new CSA Directors which he will present in January, and a *Leadership Program* for the purpose of the recruitment and training, or providing a new source of candidates for the Board. A *Volunteer Information Sheet* has been developed and will be used to create a database of candidates. Since those who possess experience with CSA as a committee member make the best candidates, they will be asked to complete a form to be kept on file.
- g. **Government Liaison** – Mr. Scott Richardson said there was a lot happening on the island's political scene. He has met with several officials associated with the Town, County and State levels to obtain their opinions and suggestions on taxes and other issues. He will meet with President Griffith to provide him with more detail.
- h. **Maintenance, Enhancement and Major Projects Committee** – Mr. JR Richardson gave an update on the Committee's November meeting:
- The tub grinder that grinds landscape debris into mulch has been delivered.
 - The drainage projects and the amount of funds CSA will be reimbursed by the Town of Hilton Head are being addressed by CSA staff.
 - The committee reviewed three different design concepts for the Fraser Circle and will later make a recommendation to do the design work and road re-surfacing in phases to reduce the amount of annual expenditures over the next couple of years.
 - The new Christmas light display at Fraser Circle will go up on Monday.
 - Mr. Barnett, the new Director of Maintenance, presented his operational plans for the future and the Committee endorsed his proposal, some of which are part of the 2016 Budget being proposed today.
 - The exceptionally high tides, now being referred to as *King Tides* have caused much beach erosion and some portions of the board walks have been washed away and may need to be rebuilt.
 - The roofs of the gatehouses have been replaced.
- i. **Marketing Task Force** – Mr. Tucker said the video of Sea Pines should be complete by December 1st. Editing will need to be done and a decision made on the best way to roll it out.
- j. **Safety and Security Committee** – Mr. Tucker said the Committee met in October and will continue its work on the leisure trail safety and other goals in 2016. The meeting dates for 2016 have been set.

- k. **Finance Committee** – Mr. Borghesi said the Finance Committee had met earlier in November to finalize the budget proposal for 2016 and address some other items which appear on today's Board agenda.

3. **New Business**

- a. **Recommendations from the Gate Entry Committee on the Trolley Stop** – Due to the opposition from residents in the area of the proposed new trolley stop at the intersection of S. Sea Pines and Greenwood Drive. The Gate Entry Committee was recommending to instead, build a trolley kiosk at the current location of the South Beach trolley stop and installing just a pad at the current Lawton Stables trolley stop. Mr. Crunkleton and Mr. Kernan, respectively, asked why the pad at Lawton Stables was needed when it was one of the stops not as highly used as the others, and if an impervious type of material could be used instead of a concrete pad. Mr. Corbitt explained that the area needed some type of material in place at the stop for safety reasons and that the committee had future plans to construct a kiosk and a pad would be needed later anyway. Mr. Corbitt made the following, seconded by Mr. Borghesi and was unanimously passed:

“RESOLVED, the CSA Board approves the recommendation from the Gate Entry Committee to move the proposed installation of the trolley stop from the corner of South Sea Pines Drive and Greenwood Drive to the current trolley stop in South Beach and install one parking pad at Lawton Stables. The funding for both of the installations will be expended from previously approved funds designated for this purpose. At this time, the CSA Board will discontinue further consideration of the proposed trolley stop at the corner of South Sea Pines Drive and Greenwood Drive.”

- b. **Amendment to the Sea Pines Gate Entry Policy on Sale of Preferred Decal** – The Gate Entry Committee was recommending an amendment to the Sea Pines Gate Entry Policy to permit an option of selling the Preferred Pass Decal to island residents for a two-year period as well as the one-year decal currently in place. This practice would reduce staff time and offered a convenience to purchasers by not having to renew every year. A new decal will be used to differentiate the two types and the sales can be tracked to see how well it is received. Mrs. Adams made the following motion, seconded by Mr. Scott Richardson and was unanimously approved:

“RESOLVED, the CSA Board approves the amendment to the Sea Pines Gate Entry Policy to permit the sale of the Preferred Pass (formerly called The Pelican Decal) to island residents with two options: at the current sales price of \$50 per year or for a two-year period at the cost of \$100.”

- c. **Acceptance of Un-audited October 2015 YTD Financial Statement** – A copy of the un-audited October 2015 YTD financial statement was included in the board package and reviewed. Mr. Griffith made the following motion, seconded by Mr. Tucker and was unanimously passed:

“RESOLVED, the CSA Board accepts the unaudited October 2015 YTD financial statements as submitted.”

- d. **Approval of the CSA Service Agreements for 2016** – Annually, the service agreements CSA has with the other entities for work provided are to be reviewed and approved by the CSA Board. The Finance Committee was recommending approval of the agreements for 2016 between CSA and: the Sea Pines Forest Preserve Foundation, Six Oaks Cemetery, The Sea Pines Resort and the ARC. Mr. Martin said he would like to change some of the verbiage in the agreement with ASPPPO which is not on today’s agenda. He would like that agreement to reflect he has the authority to oversee CSA staff perform the services provided, or the authority to sign documents, as directed by the ASPPPO Board or its President. No changes in the dollar amounts of that agreement would be proposed. Mr. Crunkleton made the following motion, seconded by Mr. Tucker and was unanimously passed:

“RESOLVED, the CSA Board approves the recommendation from the Finance Committee to approve the service agreements for CSA with: the Sea Pines Forest Preserve Foundation; Six Oaks Cemetery; The Sea Pines Resort and the Sea Pines Architectural Review/ARB for 2016.”

- e. **Filing of 990 Tax Form** – Mr. Borghesi said that the 2014 Federal Tax Form 990 had been filed for CSA. He questioned whether or not this document should be placed on the website. CSA has filed with the IRS to be recognized as a 501 c non-profit tax exempt organization. Under that status, CSA’s tax filing is available to the public. Most of the information is included in the annual report. It was decided at this point to make the document available upon request.
- f. **Approval of the 2016 CSA Draft Budget and CPI Calculation** – Mr. Borghesi said that after the October meeting, some of the items have been considered for elimination from the preliminary budget. The revisions were segregated into two parts: revisions due to more recent information and analysis, and suggested revisions based on input from several members of the Finance Committee, the Executive committee along with CSA staff concurrence.

CSA staff showed an on-screen presentation of the items being revised, deferred, cancelled and those items remaining. The items in blue were the changes made from the October meeting. Because of the originally proposed significant deficit, suggested revisions included outright reductions in certain discretionary expenditures and deferral of significant major repairs and replacements totaling \$1,515,257. Further capital expenditures were reduced by \$290,000. The net result is a proposed budget of a deficit of \$577,078 of expenditures over revenues, capital cost of \$514,500, and a net decrease in cash of \$924,478 which results in large part due to the tub grinder payable of \$670,000.

Significant major projects of more than \$400,000 approved in 2015, but not completed have been incorporated into the 2016 budget. The cost of the tub grinder will be covered from existing infrastructure reserves, backed by marketable fixed income investments maturing in 2016.

The deferral of major repairs and replacement to 2017 and future years will need to be addressed either through our existing reserves (upon completion of the capital reserve study) or an increase in assessment revenues through a covenant revision.

CSA staff is building a five-year plan, but is not confident with the current estimates due to:

- the need to complete a reserve study
- the results of the property owner survey
- the dollar amount the Town of Hilton Head will reimburse CSA as part of the agreement for drainage work.

Mr. Birdwell questioned approving a budget with a deficit and suggested CSA staff try and come under the budget in 2016 to reduce this deficit.

It was explained that CSA wants to become more proactive and improve their maintenance program. This stance results in higher costs such as: hiring more personnel, higher maintenance costs for chemicals to treat lagoons, remove dead wood from trees, etc. It was also noted that Sea Pines is a mature community and some of the infrastructure such as drainage pipes needs replacing and requires an increase of maintenance costs.

Mr. Borghesi said that in 2016, the residential property assessment which is based on the annual inflation rate of the CPI will only be increased by \$2 per property and is not in-line with realistic cost increases. The only other options are to either come up with a different formula to increase assessments or develop a new revenue stream. The Finance Committee has created a Revenue Sub-committee to develop ideas on how to increase revenues.

No further discussion was held and Mr. Borghesi made the following motion, seconded by Mr. King and was unanimously passed:

“RESOLVED, the CSA Board approves the proposed budget for 2016 and the \$2 CPI increase in residential property assessments as presented.”

- g. **Authorization to Execute the Engagement Letter for the 2015 Audit** – Mr. Borghesi said that every year our auditors request we sign a standard letter of understanding of what the audit entails. Mr. Speer made the following motion, seconded by Mr. JR Richardson and was unanimously passed:

“RESOLVED, the CSA Board authorizes its Treasurer, Dave Borghesi to sign the engagement letter with Elliott Davis, Decosimo, LLC, for the 2015 CSA audit.”

- h. **Ratify the Approval of the September 22, 2015 and October 23, 2015 Meeting Minutes** – The CSA board voted on approval of the September 22, 2015 and October 23, 2015, meeting minutes by email to expedite their release on the website and property owner review. Mr. Borghesi made the following motion, seconded by Mr. Crunkleton and was unanimously passed:

“RESOLVED, the CSA Board approves the meeting minutes of the September 22, 2015 and October 23, 2015, meeting as finalized by email.”

4. **Old Business**

- a. **Forest Preserve Update** – Mr. Miner said the Forest Preserve improvements had been approved by the Sea Pines Forest Preserve Foundation Trustees in concept, subject to securing a lease and a funding plan. The Forest Preserve Advisory Board will continue to work on financing of the project. It was suggested to do the work in phases over a five-year period or to take out a loan and complete the project all at one time. No action was taken.

The *Bonfire* fundraising event netted approximately \$33,000 this year. A little less than last year due to not having as many items for the silent auction.

- c. **Circle to Circle Traffic Study Update** – Mr. Kernan was completing his term on both the ASPPPO and CSA Boards in December of this year and had also served as a member of the Town’s *Circle to Circle Committee*. He suggested he be replaced on the *Circle to Circle Committee* by a Board member to represent both the CSA and ASPPPO Boards.

Mr. Kernan said the traffic study performed by SRS had reflected the Sea Pines

Circle failed to meet the Town's standards. A copy of the study could be viewed on the Town's website. The Town of Hilton Head was reviewing different options to correct the waiting time for traffic on the Sea Pines Circle, but some of the roads are State-owned which presents a problem. He opined that no changes to correct the problem would be done in the next three to four years.

5. **Board Member Comments**

Mr. Griffith commended Mr. Joe Kernan for all his work on the traffic issues and wished him well in all his future endeavors. Mr. Crunkleton and Mr. Borghesi were also thanked for their service and he wished them good luck in the board elections that were underway.

He further noted that after this year's election was finalized, Mr. Bob Mang, the Chairman of the Board Officer Nominating Committee, would be contacting each of the CSA Board members, including the winners in this year's election, for their input on officers for 2016.

6. **Adjournment**

With no further business to discuss, the meeting adjourned at 12:30 p.m.

Respectfully submitted,



Carolyn Adams
Secretary