

**CSA Finance Committee
Meeting Minutes
Tuesday, May 16, 2017
CSA Main Conference Room**

1. Roll Call

The January meeting of the Finance Committee was called to order at 9:00 a.m. in the main conference room of the CSA Building. Chairman Borghesi presided.

Present:	Dave Borghesi	Carolyn Adams	John Farrenkopf
	Lisa Laudermilch	Rich Speer	Michael Tucker
	Ray Warco		

Ex-officio: Mark Griffith

Staff:	Bret Martin	Victoria Shanahan	David Henderson
	Stephanie Gannon	Russell Fredericks	Toby McSwain

Mr. Borghesi announced that Maryann Bastnagel had resigned as a Finance Committee members. He thanked her for her efforts and contributions to the Committee.

Mr. Borghesi introduced Mr. Russell Fredericks, the new Director of Maintenance for CSA. Mr. Fredericks gave the Committee a brief summary of his background and previous employment history.

2. Approval of the March 21, 2017 Meeting Minutes

A copy of the March 21, 2017 meeting minutes was included in the committee's package and reviewed. Mr. Borghesi asked if anyone had any changes to the minutes. There were no changes therefore the minutes were approved by proclamation:

"RESOLVED, the Finance Committee approves the March 21, 2017 minutes as submitted."

3. Acceptance of unaudited YTD Financial Statements

A copy of the unaudited March 2017 financial statements were included in the package and reviewed. Ms. Adams made the following motion, seconded by Mr. Speer and unanimously passed:

"Resolved, the Finance Committee recommends the Board of Directors accept the March 2017 YTD financial statements."

4. New Business

- a. Status of Financial Impact on CSA from Hurricane Matthew** Ms. Shanahan presented financial information concerning the cumulative expenditures from the Special Assessment revenue. At the time that the Special Assessment was passed by the Board of Directors, CSA estimated the recovery costs to exceed \$5.2 million.

Through April 30, 2017, CSA has spent approximately \$3.9 million and continues to incur recovery expenditures.

b. Legal Opinion on Special Assessment Funds

Mr. Borghesi discussed the McNair firm's legal opinion with respect to the uses of Special Assessment revenues for Hurricane Matthew recovery efforts. The opinion essentially states that the Special Assessment revenues may be used for recovery efforts for properties within Sea Pines Plantation, to include related entities such as Six Oaks Cemetery, Sea Pines Forest Preserve and a portion of the Audubon Newhall Preserve abutting Sea Pines Plantation property. To date, Six Oaks Cemetery and Sea Pines Forest Preserve have expended \$115,825.32 and \$109,630.65, respectively. There was discussion amongst committee members concerning which expenditures would be recommended to the Board of Directors for reimbursement and/or future outlays. The Finance Committee made the following resolutions:

- i. "RESOLVED, no Special Assessment revenues be used to reimburse Six Oaks Cemetery for the recovery expenditures."
- ii. "RESOLVED, Special Assessment revenues would be an appropriate use to clear sections of the Audubon Newhall Preserve that CSA has agreed to uphold as a fuel break from Sea Pines properties. This work is related to clearing downed trees or order to maintain the fuel break, but not the operating cost of maintaining such break."
- iii. "RESOLVED, Special Assessment revenues be used to reimburse the Sea Pines Forest Preserve and Beach Trust only for recovery effort expenditures incurred to date and that any potential future costs be reviewed by the Finance Committee at the appropriate time."

c. Seven Year Plan

Ms. Shanahan presented a future seven year analysis that displayed the effects on designated Fund Balances with the inclusion of Reserve Study recommendations, Major Enhancements and Major Projects Committee recommendations as well as the results of the recently completed Hydrology Study. This resulted in a shortfall (i.e. in excess of the minimum funding requirement) in the Infrastructure Reserve Fund exceeding \$21 million. It was concluded that this financial requirement be the subject of a separately identifiable revenue source beyond what has been previously discussed.

d. Enterprise-Wide Software Analysis – Budget Revisions

Following the recommendation from the Information Technology Committee (a sub-committee of the Governance Committee), CSA wishes to implement an enterprise software system that will incorporate all aspects of CSA. The first step in initiating this project is to have an analysis of CSA's technology software applications, to include the ADBI security software that has been previously discussed. Mr. Speer made the following motion, seconded by Ms. Adams and unanimously passed:

“RESOLVED, the Finance Committee approves the recommendation of CSA Staff to amend the 2017 Budget to include an analysis of CSA’s technology software application, to include an analysis of the proposed ABDI software for an amount not to exceed \$35,000.”

e. Status of Business Interruption Insurance Claim

Mr. Borghesi informed the members of the Finance Committee that the insurance claim for Business Interruption that was sustained as an aftermath of Hurricane Matthew is still in progress. The insurance carrier has made a settlement offer that Mr. Borghesi does not think is acceptable. The difference in positions relates to what is and what is not covered under the policy. However, the cost of pursuing further relief needs to be weighed against any potential benefit. The Finance Committee recommends seeking outside professional advice as to whether or how best to pursue this position.

f. Approval of the Finance Committee Charter

A copy of the 2017 Finance Committee Charter was included in the committee’s package and reviewed. Mr. Borghesi asked if anyone had any changes to the charter. There were no changes. Mr. Speer approved the motion, seconded by Ms. Adams, and unanimously passes:

“RESOLVED, the Finance Committee approves the 2017 Finance Committee Charter minutes as submitted.”

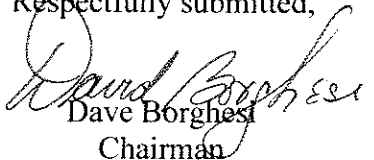
5. Old Business

The Finance Committee discussed the current Investment Policy and agreed to revise the Policy in certain aspects. The areas under consideration include the manner of measuring the credit quality of the investment portfolio as a whole, managing interest rate risks, and tightening the amount of dollar investment (credit risk) to any one issuer. These policy changes will be drafted and reviewed at the June 20, 2017 meeting and brought to the Board of Directors for ratification thereafter.

6. Adjournment

With no further business to conduct Mr. Borghesi made a motion to adjourn the meeting at 10:23 a.m. seconded by Mr. Warco.

Respectfully submitted,


Dave Borghesi
Chairman

The next meeting is scheduled for Tuesday June 20, 2017, at 9:00 a.m. in the main conference room of the CSA Building.