

Community Services Associates, Inc.
Finance Committee Meeting
June 20, 2017

On Tuesday, June 20, 2017, a regular meeting of the Community Services Associates, Inc., (CSA), Finance Committee, was held at the CSA Administration Building, main conference room. The meeting was called to order at 9:00 a.m. Chairman Borghesi presided.

Roll Call

Present:	David Borghesi Lisa Laudermilch	John Farrenkopf Richard Speer	David Herskovits Ray Warco
Absent:	Carolyn Adams Michael Tucker	Lee McCollum	John McEnery
Ex-Officio:	Mark Griffith		
Staff:	Sandra Archer	Bret Martin	Victoria Shanahan

Introduction of David Herskovits

Mr. Herskovits was introduced as a new finance committee member and welcomed to attend the committee meeting. Mr. Herskovits' served as a public accountant, for 40 years, with Deloitte in Atlanta. Mr. Herskovits term as a committee member will begin upon approval by the CSA Board of Directors, at the June 26, 2017, meeting.

Accounting Staff Update

Stephanie Gannon, Senior Accountant, has resigned. The position has been filled by Hayes Williams, CPA and will begin on July 3, 2017. Mr. Williams' career includes a 15 year tenure with Mr. Warco.

Approval of the May 16, 2017 Meeting Minutes

The May 16, 2017, Finance Committee meeting minutes were approved as submitted. Richard Speer made the following motion, seconded by Ray Warco and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the May 16, 2017, meeting, as submitted”.

Acceptance of Unaudited April YTD Financial Statements

Balance Sheet Unaudited - Total asset and liability fund balances are \$24,325,752. This compares to \$21,436,035 at April 30, 2016, resulting in a \$2,889,717 increase, year over year.

Income Statement Unaudited – Total net income is \$5,099,973, compared to budgeted \$3,880,326, resulting in a positive variance to budget of \$1,219,647. This compares to a total net income of \$4,838,880 for the same period in 2016, resulting in a \$261,093 increase, year over year.

There has been a significant increase in daily gate fees, \$100,000 over budget. On June 1, 2017, the commercial gate entry fee increased from \$6.00 to \$10.00. As well, the purchases of contractor annual decals increased, most likely due to the rise in the commercial daily gate fee, resulting in \$156,000 in sales, over budget.

Hurricane Matthew recovery costs are \$4,500,000 through May 2017, with a total of \$6,200,000. Beach restoration, boardwalks, beach walkways and lagoons are yet to be addressed.

A motion was made by John Farrenkopf to accept the unaudited April 2017/YTD financial statements as submitted. The motion was seconded by Ray Warco and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, accepted the April 2017/YTD financial statements as submitted”.

The repair of Deer Island bridge needs to be addressed. Access to Deer Island by residents must be continually provided throughout re-construction. The lowest bid to date, \$680,000, replaces the existing bridge with a wooden structure. In order to keep the bridge open during repair, only one lane could be built at a time. Another option involves closure of the bridge, for re-build and opening a roadway through Calibogue Cay, on CSA land, into Deer Island. Both options will be reviewed for financial feasibility. In the meantime, the bridge will continue to be maintained. Engineering has given a 3 year life span to the bridge and replacement must be moved up. The issue will continue to re-surface at higher costs.

Unfinished Business

Review and Discuss Investment Policy – David Borghesi, Victoria Shanahan

The Investment Policy has been revisited and the Committee proposes the following changes:

- The entire portfolio with maturities in excess of one year have an average S&P credit rating of A,
- That no security have a credit rating less than BBB+ rating,
- The portfolio of investments with maturities greater than one year have no more than 20% rated BBB+,
- That no one issuer can hold more than 5% of the portfolio,
- Investment portfolio shall be reviewed for compliance three (3) times per year in conjunction with Finance Committee meetings, and
- The policy continues to allow current investments that are outside of compliance to be maintained if determined to be in the best interest of CSA.

Currently, there is an investment in which the issuer now holds in excess of 5%, which, according to policy guidelines should be liquidated. At time of acquisition, the investment was within policy guidelines of 5%. There are also a few other investments that cause non-compliance with the restriction on the amount of BBB+ rated investments. These specific investments were discussed in detail and the committee agreed not to liquidate them. These individual investments will continue to be monitored for credit-worthiness.

A revised policy statement will be brought to the CSA board for approval in September 2017.

New Business

Status of Financial Impact on CSA of Hurricane Matthew – Victoria Shanahan

The majority of Special Assessment fees have been collected. There remains an outstanding uncollected amount of \$266,000 and statements have been sent to property owners. There are 100 property owners on a payment plan, leaving 166 with no plan. The Committee agrees that the owners with outstanding balances, who have not signed up for a payment plan, should be contacted by e-mail if capable, or letter, if not. If there is no response by July 31, 2017, their ability to call in a gate pass should be discontinued and the account sent to collections.

Property Owner Request for Abatement of Finance Charges – Victoria Shanahan

There have been 2 requests received for consideration to waive Special Assessment fee based on hardship on penalty charge. Of the two requests, one owner has subsequently agreed to pay by credit card. The Committee discussed how to deal with granting a waiver and reconciling with those opting to pay by payment plan. The Committee agreed that no waivers will be granted as a hardship on finance charges.

A motion was made by John Farrenkopf to approve the Committee's decision that no waivers will be granted, due to hardship, against finance charges. The motion was seconded by Ray Warco and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved the decision to not grant waivers, due to hardship, against finance charges”.

Status of Hurricane Matthew Insurance Claim – David Borghesi

The insurance claim for Hurricane Matthew is still in progress. On June 19, 2017, Liberty Mutual agreed to offer \$165,000, representing \$15,000 for lost revenue and \$46,000 for third party contractors. Liberty Mutual did not clear the additional costs requested, incurred by CSA's internal work force, for extended hours necessary to recover from the storm. To this effect, a demand letter has been submitted to recoup those costs in the amount of \$61,737.

Capital Equipment Budget Amendment – Bret Martin, Victoria Shanahan

The Maintenance Department is requesting approval to make the following purchases: Ford G650, outfit the body to enable vehicle to haul sediment from lagoons; power washer, enables department to schedule and provide cleans at entrance with own power washer; security cameras, install at maintenance building and pit; gyrotrac, due to Hurricane Matthew there are a lot of open areas with the canopy gone. A gyrotrac will provide access to these areas and enhance the ability to keep maintenance in check and a stump grinder. The total cost of purchases is \$106,331.

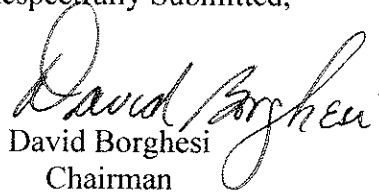
A motion was made by Richard Speer to approve the amendment to the budget for capital expenditures. The motion was seconded by John Farrenkopf and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved amending the budget with an additional \$106,331, for capital expenditures”.

Adjournment

With no further business to come before the Board, Chairman Borghesi adjourned the meeting at 9:55 a.m. The next scheduled meeting, of the CSA Inc., Finance Committee, is Tuesday, September 19, 2017, 9:00 a.m., at the CSA Administration Building.

Respectfully Submitted,


David Borghesi
Chairman