

Community Services Associates, Inc.
Finance Committee Meeting
January 16, 2018

On Tuesday, January 16, 2018, a regular meeting of the Community Services Associates, Inc., (CSA), Finance Committee, was held at the CSA Administration Building, Conference Room, 175 Greenwood Drive, Hilton Head Island, SC 29928.

Roll Call

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

Call to Order

The meeting was called to order by David Borghesi, Chair, at 9:00 a.m., Eastern Time.

Ratify Approval of the November 14, 2017, Meeting Minutes

The November 14, 2017, Finance Committee meeting minutes were approved by email. John Farrenkopf made the following motion, seconded by David Herskovits and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the November 14, 2017, meeting, as finalized by email”.

Financial Update

Acceptance of YTD/November 2017 Financial Statements – Victoria Shanahan

- The YTD/November 2017, statements were reviewed.
- Auditors will be consulted, to determine whether Tribridge consulting fees for the installation of NetSuite software, should be capitalized.
- Morgan Stanley investments are showing an increase over 2016 and will be for Mr&R projects that will carry over into 2018.
- A meeting will be held with Maintenance Management, to review list of projects expected to roll over into 2018.

The balance sheet as of November 30, 2017, was reviewed. Total assets on an accrual basis, are \$20,050,950, an increase of \$2,681,278 over the same period last year. Fund balance was \$18,081,424, an increase of \$2,385,606 over the same period last year.

The income statement, as of January 1 through November 30, 2017, was reviewed. Actual revenues over expenditures are \$1,704,821, compared to budgeted (\$157,561), resulting in a positive variance to budget of \$1,862,382. This compares to a total net income of (\$417,064) for the same period in 2016, resulting in a \$2,279,446 change, year over year.

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

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

Unfinished Business

2018 Meeting Schedules – Chair Borghesi

There was no further discussion on the Meetings Schedule, 2018.

Status of 2017 Independent Audit – Victoria Shanahan

- Elliott Davis, auditors, were on site in November 2017, all went well. A return for final field work is scheduled for March 8, 2018.
- The Annual Meeting will be held April 30, 2018, 3:00 p.m. at the Sea Pines County Club.

New Business

Approval of 2018 Charter - Chair Borghesi

A motion was made by Ray Warco to approve the Finance Committee Charter, 2018. The motion was seconded by Carolyn Adams and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved the Finance Committee Charter, 2018, as submitted”.

Status of Investments at December 31, 2017, Subsequent Transactions – Chair Borghesi

- The Investment Policy dictates review 3 times yearly. The MSSB portfolio at December 31, 2017, showed a balance of approximately \$10,500,000, which includes \$1,000,000 in cash.
- Cash was transferred in January, to the Special Assessment account related to Hurricane Matthew, in the amount of \$600,000 and invested in insured CDs. Interest from Special Assessment funds, are accounted for as a reduction of special assessment related expenditures.
- Additional transactions in January included the liquidation of two corporate fixed income investments as a result of below acceptable credit ratings for the portfolio taken as a whole. CSA purchased four additional corporate fixed income investments with an A- or better credit ratings, with an aggregate par value of \$660,000.
- Investment holdings that continue to be exception to the Investment Policy were discussed: Schwab (credit rating exception at BBB), Prudential Financial (market value of holdings exceeds 5% of the portfolio) and General Electric (market value of holding exceeds 5% of the portfolio).

A motion was made by John McEnery, to approve exception to the Investment Policy. The motion was seconded by John Farrenkopf and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved, at the recommendation of Morgan Stanley: to continue to hold the investment grade bond, Schwab, \$150,000, 6.2% yield, callable in 2022, BBB rating; as well as, to continue holding Prudential and General Electric holdings, each accounting for more than 5% of the portfolio.

Real Estate Acquisition Discussion – Bret Martin

- An update as to the acquisition of the Gallery of Shops was provided, followed by Committee discussion.

A motion was made by John McEnery to approve the recommendation to the Board to move forward with the purchase of the Gallery of Shops. The motion was seconded by Ray Warco and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved the recommendation to the Board of Directors, to move forward with the purchase of the Gallery of Shops, subject to purchase cost, not to exceed the independent appraised value”.

Committee Member Comments – Chair Borghesi


- A referendum to initiate a real estate transfer fee is being drafted. Draft will be brought before the Finance Committee at the March 20, 2018, meeting, with expected presentation and approval, by the Board of Directors, on March 26, 2018. An April 2018, referendum date, is anticipated.
- Special Assessment hurricane funds are still to be assigned. Mitigation of trees is ongoing and could be for several years. Beach boardwalk repairs are yet to be determined.

Adjournment

A motion was made by David Herskovits to adjourn the meeting. The motion was seconded by Carolyn Adams and unanimously carried.

With no further business to come before the Board, Chair Borghesi adjourned the meeting at 9:50 a.m. The next scheduled meeting, of the CSA Inc., Finance Committee, is Tuesday, March 20, 2018, 9:00 a.m., at the CSA Administration Building.

Respectfully Submitted,


David Borghesi
Chair