

Community Services Associates, Inc.
Finance Committee Meeting
March 20, 2018

On Tuesday, March 20, 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	David Herskovits
Lisa Laudermilch	John McEnery	Larry Movshin	Stu Rodman
Richard Speer	Michael Tucker		

Absent:	John Farrenkopf	Lee McCollum	Ray Warco
---------	-----------------	--------------	-----------

Ex-Officio:	Mark Griffith
-------------	---------------

Staff:	Bret Martin	Tracey McNeill	Victoria Shanahan
	Hayes Williams	Russell Fredericks	David Henderson

Guest:	Ken Groff
--------	-----------

Call to Order

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

Ratify Approval of the January 16, 2018, Meeting Minutes

The January 16, 2018, Finance Committee meeting minutes were approved by email. Richard Speer made the following motion, seconded by David Herskovits and unanimously carried.

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the January 16, 2017, meeting, as finalized by email”.

Financial Update

Acceptance of Unaudited YTD/ 2017 Financial Statements – Victoria Shanahan

The balance sheet as of December 31, 2017, was reviewed. Total assets on an accrual basis, are \$20,026,924 a decrease of \$4,166,548 over the same period last year. Fund balance was \$17,061,209, an increase of \$684,606 over the same period last year.

- The Unaudited YTD/ 2017, statements were reviewed.
- The Deposits line item represents expenditures on the potential Real Estate Acquisition.
- Deferred revenue and cash are down due to assessment bills going out later than the previous year.

The income statement, as of January 1 through December 31, 2017, was reviewed. Actual revenues over expenditures are \$684,606, compared to budgeted (\$1,026,369), resulting in a positive variance to budget of \$1,710,975. This compares to a total net income of \$146,399 for the same period in 2016, resulting in a \$538,207 change, year over year.

A motion was made by Richard Speer to accept the unaudited December 2017/YTD and January 2018 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 December 2017/YTD and January 2018 financial statements, as submitted".

Unfinished Business

Status of Real Estate Acquisition – Bret Martin

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

Status of 2017 Independent Audit – Victoria Shanahan

- Elliott Davis, our auditing firm, were on site in March 2018. No discrepancies were found and no proposed adjustments were recommended. Chair Borghesi, Mr. Herskovits and Ms. Shanahan are reviewing the draft financial statements.

Hurricane Matthew Expenditures – Russell Fredericks

- A report was given regarding substantial tree damage sustained leaving many trees in distress which in turn were infested with pine beetles. Total tree removal costs of approximately \$50,000 have been incurred. A landscape plan has been developed to replace the trees and related landscaping affected at a cost of \$125,000. The sub-committee on storm related expenditures approved the use of Special Assessment funds for remediation.

New Business

Ratify the Email Vote for the \$72,000 Budget Amendment - Chair Borghesi

A motion was made by David Herskovits to ratify the email vote for the \$72,000 budget amendment. The motion was seconded by Richard Speer and unanimously carried.

"RESOLVED, the Community Services Associates, Inc., Finance Committee, ratified the email vote for the \$72,000 budget amendment".

Proposed Budget Amendment for the Roll Forward of Capital Expenditures and MR&R

- Staff requested that several capital expenditures and MR&R projects that were not purchased or completed in 2017 be rolled forward into the 2018 budget. The total

amount of MR&R requested to roll forward is \$515,380, the total amount of capital purchases is \$21,000. These include renovations to the Maintenance building, leisure trail and boardwalk repairs and the enterprise software implementation.

A motion was made by Larry Movshin to approve the roll forward of \$536,380 for capital expenditures and MR&R that was not completed in 2017 to the 2018 budget. The motion was seconded by Stu Rodman and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approves and recommends acceptance by the CSA Board the roll forward of previously approved \$536,380 for capital expenditures and MR&R that was not completed in 2017 to the 2018 budget”.

Proposed Budget Amendment for Additional Projects – Chair Borghesi

- Staff requested additional budget requests for 2018 totaling \$112,500. This includes \$65,000 for gate planning, \$9,000 for a site analysis of Six Oaks Park sites, \$3,500 for participation in an alligator monitoring project and \$35,000 for landscaping to repair damage from Irma and the ice/snow storm.

A motion was made by Chair Borghesi to approve the additional budget requests totaling \$112,500. The motion was seconded by Carolyn Adams and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approves and recommends acceptance of a 2018 budget amendment for additional budget requests totaling \$112,500 for gate planning, site analysis at Six Oaks Park, landscaping to storm damaged areas and an alligator study”.

Introduction of Proposed New Committee Member – Chair Borghesi

- The application and CV of a proposed new member was presented to the Committee. Ms. LeeAnn Leahy will be retiring from Price Waterhouse in June 2018. Chair Borghesi made a motion to accept Ms. Leahy as new member the motion was seconded by John McEnery and unanimously carried.

“RESOLVED, the Community Services Associates, Inc., Finance Committee, accepted the application of Ms. LeeAnn Leahy for membership on the Finance Committee and recommends acceptance by the CSA Board”.

Investment Activity – Chair Borghesi

- Short Term Investments of 2018 Assessments - Of the current year’s assessments \$2.6 million was invested, \$1.2 million into US Treasury Notes with the balance placed in Certificates of Deposit. There is \$1.6 - \$1.8 million being held in cash waiting on the real estate acquisition resolution.
- Liquidation of General Electric – Subsequent to our January meeting, General Electric released information that it would experience problems with funding long term care

insurance liabilities. Based on advice from Morgan Stanley, the GE investment was sold and the funds reinvested in other corporate fixed income securities.

Insurance Renewal – Ken Groff

- The Committee received a presentation on our insurance program renewal for 2018 by our broker, Ken Groff. The annual premium for essentially the same coverage of risk but with additional policy limits in certain lines, amounted to a 6% increase.

Form 990s Filed – Victoria Shanahan

- The CSA 990 form for 2016 was filed, originally due November 15 an extension was granted due to Hurricane Irma. It is available for review as this is considered to be a public document.

Real Estate Transfer Fee Referendum – Chair Borghesi

- An update was provided to the Committee on the status of the proposed referendum for a real estate transfer fee and was followed by Committee discussion.

Storm Water Erosion Issue – Russell Fredericks

- Storm water erosion was discovered in a channel in the area of Otter and Acorn Road. This erosion is due to a combination of Hurricane Matthew and original design issues. An initial investigation into the cost to install rip rap to fix such an issue is \$360,000. The Town is aware of but may not address the issue. Mr. Fredericks stated that the scope of the recently completed hydrology study did not include identification of channel/bank erosion.

Adjournment

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

With no further business to come before the Board, Chair Borghesi adjourned the meeting at 10:30 a.m. The next scheduled meeting, of the CSA Inc., Finance Committee, is Tuesday, May 15, 2018, 9:00 a.m., at the CSA Administration Building.

Respectfully Submitted,



David Borghesi

Chair