

PALMETTO HALL PLANTATION OWNERS' ASSOCIATION
ANNUAL MEETING MINUTES
DECEMBER 1, 2010 – 7:00 p.m.

POA President Bob Richardson called the meeting to order at 7:15 p.m. in the Palmetto Hall Clubhouse. He then thanked Pete Nardi for his presentation and welcomed those present. BOD members present at the head table were Ron Smetek, Vice President; Joe Bogacz, Treasurer; Bob Gentzler, Secretary; Scott Slawson and Art Loeben, Members-at-Large. Marion Gorczynski, Association Manager, was also present.

Art Loeben announced that there was a quorum. Bob Richardson called for any further nominations from the floor. There were none.

Bob stated that 2010 has been an interesting year for the BOD, finishing up financially stronger than when we started. He then thanked all Committee Chairs and members for their efforts and work during 2010. He especially thanked, at this time of year, the Holiday Decoration Committed, headed by the Baninos, for all their work.

Bob then listed the things accomplished by the BOD in 2010:

1. Negotiated and executed a contract with Hargray for the expansion of high speed internet service within the community.
2. Began work on a Storm Water easement agreement with the Town of Hilton Head that will transfer the responsibility for storm water facilities, catch basins and piping maintenance to the Town. Potentially this will provide cost savings for Palmetto Hall in the future.
3. Finalized documents with the Town of Hilton Head to install a “click to open” gate system to allow the Fire Dept. access to the Plantation via the ball field. There will be two gates; one to access Ft. Howell, and the second to access the ballfield.
4. Digital cameras have been installed at both gates that access the golf courses and at the ballfield.
5. Negotiations are taking place with Time Warner Cable for a new contract to provide more income to the POA.

Bob said issues surrounding the airport loomed large in 2010 and the POA dealt with both the Town and County Councils on these issues. Members of the BOD took an active role to ensure that future airport impact on PH will be minimized.

Bob then commended the office staff for their help and efforts during 2010.

The 2009 Annual Meeting minutes that had been sent to members in advance were presented for approval. Fred McNamee made a motion to accept the minutes; John Grindstaff seconded the motion, approval was unanimous.

Finance

Joe began with a few background notes so that everyone was on the same pages regarding the financial situation:

1. This is our fourth year of managing our accounts in-house with QuickBooks and the result of that change continues to be positive.
2. The Finance Committee manages community investments and recommends institutions and deposit selections.
3. During the calendar year Joe reports to the Board on a cash basis, which improves everyone’s understanding of our financial position.
4. In March of this year, outside accountants Cherry, Bekaert & Holland completed their review of our books for 2009 and concluded that we are “... in conformity with generally accepted accounting principles.”

Joe then stated he would go through the Balance Sheet and then the 2011 budget. He requested that everyone hold questions until the end.

BALANCE SHEET

He started with our Current Asset balance of \$255,785 as of September 30, the amount of money we have on hand to last the remaining 3 months of this year and to begin next year. He noted that it is up from 2009 which has allowed us to make an additional \$20,000 transfer into your Capital Reserve account. Through September 30 we moved \$60,000 into Capital Reserves and as of November 30 that number is now \$80,000 and that is a development that we all can be pleased with.

We will see additional funds from gate receipts and assessment income trickle in over the remainder of the year and I projected to the Board last month that we hope to have a free cash balance of around \$27,000 at the end of the year.

In Capital Reserves, as of September 30, the balance was \$891,472 but the POA has added to that a \$20,000 recent transfer so now we have \$911,472 or \$1,740 for each residence. This is up \$89,379 from the end of last year which is a combination of \$80,000 in contributions plus \$9,379 in interest income

Joe said as a reminder, while \$900,000 is a healthy number we still have to face the reality of a \$1 million + road repaying undertaking over the next few years.

2011 BUDGET

Joe then shared some property numbers and attempted to put next into proper perspective. These factors drive some of our revenue numbers and are an indicator of the economic health of our community.

	2010 YTD	2009 YTD	2008
Property Sales	25	19	26
New Construction	1	4	8
<i>New constructions were around 20+ in earlier years</i>			

EXPLANATORY COMMENTS TO 2011 BUDGET

INCOME

Line I-101 Community Services Residential – The Budget team recognized that 2011 may be as difficult a year as 2010 and held to a collection assumption of less than 100%. As noted, the budget number includes a default on 2 lots and 10 homes.

Line I-103 Decal Income – This is pegged at \$57,000 - the same as our 2010 full year forecast - as we expect construction activity, the main driver here, to be the same as this year.

Line I-103.1 Gate Receipts – For 2011 we are looking at \$53,000 - the same as our 2010 full year forecast - as we expect the overall community activity to be the same as this year.

Line I-101 Community Services – Golf Course – This line displays the contribution Heritage makes to our community: specifically 36 holes @ the developed assessment of \$1,260 for \$45,360.

These 3 lines equal about 95% of our community's total income for 2011.

EXPENSES

Line E-108 Grounds Maintenance – This is the Ocean Woods contract for upkeep our common areas with maintenance and plantings. The 2011 budget number is based on the service contract plus a 0.5% escalator less \$5,160 which is charged to Heritage for shared maintenance. This number is about \$400 greater than our 2010 full year forecast.

The next 3 are new accounts that deserve a quick comment:

Line E-108.1 Tree Care - Note that in 2010 we split this account and added E-108.1 for Tree Care.

Line E-108.2 Residential Mailbox Maintenance – This is a new account with \$11,000 designated to improve the overall look of our community through refurbishment and replacement of residential mailboxes.

Line E-108.3 and E-108.4 Drainage and Airport Screening – These are 2 new accounts each with \$6,000 with the intention of improving plantation drainage and possible screening of any airport issues.

Line E-109 Heritage Shared Maintenance – This is a contra account with line I-202 and balances out what we spend on shared maintenance items (repairs, utilities) on common areas with what Heritage reimburse us.

Lines E-201 & 202 Electricity and Water for Irrigation – For both utilities we're looking for 2011 to be very close to 2010, with electricity to be 10% over the 2010 running rate. On a combined basis our 2011 utility cost is projected to be \$24,000, versus \$22,000 for 2010 full year forecast.

Line E-401 Security/Roving Patrol – Projected spending for 2011 will be \$300,000 and this represents a 3% Securitas contract increase for next year.

Line E-501 Personnel – We added \$7,500 for possible additional hours in 2011 along with possible training in graphics and database applications if the office takes over more responsibilities with the community newsletter and address/telephone number directory along with potential salary adjustments.

Line E-502 AM Office Expense – This is office rent and utilities for the facility on Palmetto Parkway and at \$23,000 includes \$5,000 for new PC's and printers and this may not be fully needed as one of the PC's was replaced in 2010 after a motherboard failure.

Line E-901 Capital Reserve Transfers – We are looking at maintaining the 2011 contribution at \$80,000, the same as 2010.

These 11 accounts equal a bit less than 90% of our community's operating expense.

Joe then asked for any Questions On the Balance Sheet or On the Explanatory Comments?

There were a number of questions regarding the mailbox program and the BOD will take them under advisement

Bob Richardson then called for volunteers for the nominating committee for 2011. Ellie Pierce, Marilyn Allpress, Steve Hyslop, John Quinn, Bart Korb and Terry Ennis offered to be on the committee.

The floor was then open to any questions:

Airport Issue – Legal guidance was recommended by one owner. A consensus of owners was suggested.

Heritage Relationship Issues – were discussed. A full range of approaches were suggested from confrontation to proactive cooperation.

Art Loeben reported that David Henson and Tom Renshaw are the newly-elected BOD members. Bob Richardson welcomed their return to the BOD.

There being no further business, the meeting was adjourned at 8:55 p.m.

Bob Gentzler
Secretary