

Palmetto Hall Plantation Owners' Association
Board of Directors Meeting Minutes
October 21, 2008 – 9:30 a.m.
Palmetto Hall Plantation POA Office

Call to Order

Art Loeben, President, called the meeting to order at 9:30 a.m. at the Palmetto Hall Plantation POA office. Other BOD Members present were Bob Richardson, Vice President; David Henson, Secretary; Pete Smith, Treasurer; Tom Renshaw and Rick Smith, Members-at-Large. Marion Gorczynski, Association Manager, was also in attendance. Tom Black, Member at Large, was absent.

Approval of Minutes

David presented the September meeting minutes for approval. Bob moved the minutes be approved; Rick seconded the motion. The minutes were unanimously approved.

Treasurers Report

Revenue

Revenue for September was \$56,935...\$5,774 less than budgeted. YTD revenue was \$509,703...\$43,826 less than budgeted. (YTD Revenue includes \$18,186 in interest income that is already in our Capital Reserve Account.) Low construction activity continues to be the reason for most of the shortfall. I-103 Decal/Gate Receipts are now \$28,297 less than budgeted and I-301.1 and I-301.2 Interest Income is off \$5,973 due to lower interest rates.

Expenses

Expenses for September were \$57,167...\$2,207 more than budgeted. \$2,739 was spent on I-105 Signage, E-106 Electrical Repairs, and E-107 Irrigation Repairs. There were three E-401 Securitas payments made instead of the usual two per month, a calendarization issue. YTD expenses were \$432,252... \$57,026 less than budgeted, making our variance to budget a positive \$13,200 vs. Budget. Again, this is somewhat misleading because we have the capital reserve interest of \$18,186 showing in the revenue side and we have no expense showing for one month of the grounds maintenance contract and two weeks of the Securitas contract back in January.

Summary Recommendations

During September, we moved another \$10,000 from the Operating Fund to the Capital Reserves. We have now moved \$40,000 of our \$60,000 goal. Our cash flow forecasts are showing that making the additional \$20,000 transfer in December will leave us about \$12,000 low in operating funds and show a net loss on the P&L for the year. Based on Pete's recommendation, the BOD delayed the decision on any further transfers until the November monthly meeting.

On a more positive note, we now have \$754,000 in our Capital Reserve Accounts, up from \$656,000 at the beginning of the 2007. We have not lost a penny of our principle or interest on any of our investments, including the ARCs at UBS, in spite of the national

economic turmoil. The money from the last three ARCs, once redeemed by UBS, will go to fully insured certificates of deposit. We currently have nine CD's that are laddered over twelve months...seven at UBS are earning from 2.82% to 3.54% and two at SCBT earning 4.25% and 4.39%. In addition to the ARCs worth \$125,000, and the above CDs worth \$422,000, we have \$207,000 in money market funds earning 2-3%.

Pete reported that the ARCs, which UBS had earlier stated would be refunded by the end of October, will not be and the POA has now received information and a form to be signed by mid-November which will enable us to redeem the ARCs no later than January 2009.

Pete also reported that SCB&T had wanted to charge a \$2,000 fee for a line of credit but that has now been waived but there will be a \$200 fee for the service. SCB&T also wanted to put a lien on our assessments NOW as collateral for the line of credit, not when we use the money. They have now agreed to put the lien on the money we have on deposit. It will be used dollar for dollar. The agreement now before us is for a \$250,000 LOC with charges 0.5% over prime from the time we use their money.

Association Manager's Report

Marion reported the invitations have been sent to the volunteers and past Presidents for the volunteer party on November 14 from 5-7 PM. Catering arrangements have been made and small tokens of appreciation have been ordered for the volunteers. There has been a positive response for the party.

The owner package for the Annual Meeting will be mailed by the end of the week

Marion advised that a portion of the fence near Ft. Howell in the Tucker Ridge area had been hit by a tree and damaged. She is in the process of getting bids from fence companies for the replacement. Dave Pierce removed the tree and debris.

Marion also stated she and Katie had attended an Association Manger's meeting on Friday and had received information regarding policies and procedures for association management from attorneys, CPAs, etc. She is happy to report that Palmetto Hall's procedures are in line with the recommendations.

An article in the newspaper regarding stopping of contractors in Hilton Head Plantation to check driver's licenses was also discussed. Marion stated that she had met with Peter Kristian, Property Mgr. of Hilton Head Plantation, and Cary Kelley, Manager of Sea Pines, on Friday and discussed this issue. Another point of discussion was that when a contractor got a speeding ticket in the Sea Pines Resort, his decal was removed and if he came back to the Plantation to work, he had to purchase another. This might be something Palmetto Hall should consider.

Old Business

Discussion of October 9 Town Hall Meeting – A short discussion took place regarding the meeting.

Nominating Committee Report – Rick Smith reported that seven candidates were submitted for the three positions that are open. Absentee votes received in the office will be counted on December 1 by members of the Committee and also during the meeting on December 4. Art commended the Committee for their good work.

Report on Road Engineering Firms – Bob reported that he had contacted two firms, based on names he had received from a contact in Sea Pines Plantation. Bob stated that he would like to get proposals from one more firm, then have the Road Committee review the proposals, and have a selection by the end of the year. David asked how the initial work recommended by C2 Associates would be incorporated into the new proposals and if the work would still be done in the next year. Bob stated the C2 proposal would not be provided to any firms before they submit a proposal but the C2 proposal would be given to the contractor who is chosen. The C2 proposal belongs to Palmetto Hall – it was paid for. It is assumed the work will be done during 2009. The BOD also confirmed that the proposals should be handled by the Roads Committee and it should continue to operate as a subcommittee of the Maintenance Committee.

New Business

Annual Meeting Plans – Discussion regarding the procedures for the Annual Meeting took place. It was noted that nominations from the floor will take place at the beginning of the meeting, so that counting could occur during the balance of the meeting. Art explained changes that he and Marion had discussed and made in the balloting and proxy process.

Motorcycle Issue – The information and request for votes from owners regarding motorcycles presented by a committee in the Plantation was briefly discussed. No information has presented to the BOD regarding the results of their survey.

2008 Priority Items

Improve Relations Between the POA and Club Management – Nothing significant in the past month other than Heritage is now seven weeks behind on reimbursement checks.

Develop Long Range Reserve Analysis and the Need for Augmentation – Completed.

Reassess Community Enhancement Fee – Completed.

Initiate Roads Program – Discussed earlier in the meeting.

Clarify On-Site/Off-Site Responsibility for Storm Water Management – Bob reported that he and Bob Gentzler have had discussions with Scott Liggett, Town Engineer for the Town of Hilton Head, regarding the drainage responsibility. Bob also provided the short version of his summary analysis of the agreements being developed with other plantations. (Three are already in place.) Bob stated that under the proposed agreements the Town will handle real maintenance, not aesthetic, and no further costs. Art stated we should include Mr. Liggett in the next BOD meeting, along with Claude Thorn and Ray

Dznowski of Heritage, and Bob Gentzler, Chair of the Environmental Committee. Bob stated he will invite them to the November meeting.

Tom R. asked what has happened to the lagoons because they look much better. Bob stated Heritage and the POA have been taking the Lake Doctor to task and conditions have improved. They will continue to have the Regional Field Director handle the problem until it is corrected. Lake Doctor is now recommending more fish (carp) be introduced into the lagoons as part of the long range maintenance – the more fish the better. The BOD then held a discussion on the amortization of the cost of carp.

Communication to Property Owners – Marion reported that the Web Site is much more complicated to learn that she was led to believe. Nancy Riedel has completed the free training and then some extra. Marion requested that Nancy be used for further training at \$50 per hour. The BOD tabled this request for now and requested that an E-Mail Blast be sent to owners seeking a volunteer knowledgeable in web sites that would be willing to come to the office to assist staff and provide further training.

Committee Exception Reports

ARB – David reported the owner of a newly built home on Lenox Lane may request a BOD hearing in order to keep the antique door they installed on the home. They have requested approval from the ARB but it was disapproved.

There were no other committee exception reports.

Adjournment

There being no further business, the meeting was adjourned at 11:25 p.m. The next regularly scheduled meeting will take place at 9:30 a.m., November 18, 2008, in the PHPOA office.

Respectfully submitted,

David Henson
BOD Secretary