

Palmetto Hall Plantation Owners' Association
Board of Directors Meeting Minutes
April 17, 2007 - 1:00 p.m.
Palmetto Hall Plantation POA Office

Call to Order

Fred McNamee, President, called the meeting to order at 1:04 p.m. at the Palmetto Hall Plantation POA office. Other Board Members present were June Somers, Vice President; David Henson, Secretary; Steve Kiritsy, Treasurer; Tom Black, and Tom Renshaw, Members at Large. Ray Dznowski, Heritage Operations Manager, and Marion Gorczynski, Association Manager, were also in attendance. Terry Ennis was absent.

Minutes

The minutes of the March 15, 2007 regular BOD meeting were approved as modified.

Heritage Input/Discussion – Ray Dznowski

Appointment of Advisory Council Members – Fred advised Ray that the BOD had been asked to discuss with Heritage the appointment of Advisory Council members based on representation of various member groups. Ray stated that Advisory Council members are picked by Heritage based on their involvement in the Club community and what the Club feels they can contribute to the Advisory Council. Heritage looks to the Advisory Council for advice that Heritage is seeking. They are Heritage's advisors. He further stated the members will not be elected and that is not a debatable issue. The Club will listen to any property owner/member comments through other means, for example, both he and Claude have an open door policy. Ray was clear that the Club does not report to the property owners or the Advisory Council. He also stated that property owners do not run the Club - it is a privately owned business. However, Heritage is interested in property owners' opinions and again referenced his and Claude's open door policy.

Ray also stated they are starting a sod farm in the maintenance area and they have received approval from the town of Hilton Head for the kitchen improvements. The drainage problem with the lagoon on Hills #12 is being worked on. A new head pro, Jeff Witon, from Ft. Lauderdale, has been hired. Security problems in the pool area have diminished with improved oversight and control.

Tom Black asked how many people have received the Rules and Regulations published by the Club. Ray stated they were made available in hard copy and electronically. They have not, and will not, check to see how many people have received them.

Treasurer's Report – March 2007

Revenue – Gate/Decal shortfalls continued in March, although at a slower pace, due in part to slower than expected housing starts. The other two major drags on income (vs. Budget) were Heritage reimbursement for shared maintenance and franchise fees (none). These three items alone accounted for a shortfall of \$10,411. Some of the reimbursement shortfall is due to the timing of reimbursements (annualized).

Expenses – Shared maintenance expenses mirror the ‘reimbursement’ problem on the income side. The directory is over current budget, but is annualized so it will work itself out. The entrance improvements were paid in March so it is way over for the month, but only slightly over for the quarter and will decline as the year goes on (annualized). Legal & Professional is WAY over, due in part to income tax preparation. Hopefully, we won’t have to go to that well very often the rest of the year.

Steve recommended that PHPOA obtain at least two debit cards for use by office staff for miscellaneous purchases and for hurricane committee members for use in case of an evacuation emergency. Since the Bank of America account was opened for the purpose of having ready cash in the event of an evacuation emergency, that account could be closed and funds deposited to the UBS operating account. The debit cards can be used at any ATM.

David made a motion to approve getting two debit cards through UBS and to get a Sams Card for the POA office and the Hurricane Committee. Fred seconded the motion which was unanimously approved. The question of closing the Bank of America account was referred to the Finance Committee.

The \$250,000 deposit in Coastal States Bank for the Hurricane Cleanup letter of credit may be freed up shortly. Marion’s Property Manager’s group is meeting with Town Manager, Steve Riley, on May 9 regarding the town’s plan to take over responsibility for road cleanup in the event of a hurricane. This may greatly reduce or eliminate our need for a large line of credit. David (and possibly other Board members) will attend the May 9 meeting also. Sea Pines Plantation is also setting up a meeting in May for BOD members of island plantations.

In early April Steve had Dan Gafgen from UBS invest \$300,000 in tax-free ARCs. These are seven day instruments and are staggered so we can cash them with one day’s notice.

Steve stated that 28 property owners have not paid their annual assessments. Second late notices were mailed to those owners this week. The office will begin calling those owners next week.

Steve raised the question of having a CPA or firm other than Cherry, Bekeart, and Holland do our financial statements, reviews and audits in future years, especially if it would be less expensive. David felt competition is good and knowledge of POAs is important. Overall consensus was that it should be bid out to three companies/individuals for future audits, etc., and Steve will review this with the Finance committee.

Status of Accounting Function/Personnel - Marion reported that Nancy Keezer, who was hired to replace Janet in handling QuickBooks, is doing well. Another office assistant has been hired. Janet would also like to return for 12-16 hours. The office is running well but training has taken a considerable amount of Marion’s time.

Discussion of BOD Top 6 for 2007

The BOD took some time to brainstorm, plan, and recap where we are against the six top priorities we established for ourselves in January. In summary:

Relationships between BOD and Club Management – This was partially discussed earlier in the meeting with Ray. The BOD established this priority item based on the large number of property owner complaints last year and early this year and to use our “influence” with Heritage when appropriate. After some brainstorming of alternative strategies, it was generally recognized that complaints have died down considerably and the BOD should not undertake any specific initiatives at this time. Marion stated that calls to the office regarding the Club have almost stopped. Fred stated the POA has no standing with Club members that are not property owners. Tom R. asked what leverage property owners have through the Association with the Club – answer – none – it is Heritage’s Club.

Clean Up Covenants - Tom B. said Art Loeben is not interested in being the chair of the Covenants Committee (to replace Dick Dusa). He had two other possible candidates but had not discussed the chairmanship with either. It was also suggested that sending a “Blast” requesting volunteers was a good idea, following up on Fred’s “President’s Message” in the April newsletter. The BOD asked Tom B. to talk to a potential candidate first.

It was suggested that an ad hoc committee should be formed to clean up the covenants. Tom R. suggested that professional help is needed. Fred suggested that a ad hoc committee of the BOD be formed. David, Tom B., and Tom R. volunteered to be on the committee. The chair of the Covenants Committee should also be a member. One step will be to meet with POA council, Brian Pitts.

Long Range Plan/Financial Adequacy – Business Resource Plan – Steve will ask the Finance Committee to try to determine adequacy of current reserves needed for paving, drainage, hurricane recovery, etc. The Long Range Planning Committee has been disbanded and the Finance Committee should handle this project. Tom B. suggested the Finance Committee look at risk assessment firms.

Professional Management – The BOD went into executive session.

Communications

Email Blast - June stated the first E-Mail “Blast” was sent and 13 came back with incorrect addresses. Marion sent letters to those owners requesting corrected addresses. The committee will continue to focus on getting 100% of all resident’ email addresses....non-resident property owners are not as critical.

Website - June has been overseeing the website which includes making changes and forwarding them to Rick Aurandt, our webmaster, as well as monitoring the web site for accuracy and timeliness on a monthly basis. However, this is her last year on the BOD and Ellie Pierce does not plan to be chair of the

Communications Committee next year. It was agreed that monitoring the web site and working with Rick should become an office function. It was also agreed to explore with Heritage having a link on their web site to the POA web site.

Steve asked June if she had investigated changing the web site address to something easier to remember. She said it was a fairly simple procedure if there was an available address. After some research during the meeting, the BOD asked that the web site name be changed to palmettohallhomeowners.com.

Airport – Position re noise boundary, expansion, etc. - This item was well covered by Bill Coleman at the February meeting. To date, the BOD has not needed to take a position on any specific airport related issues. Fred reported trees were being removed at the southern portion of the area impacted.

Audit for 2006 - As reported earlier, Fred has requested an engagement letter from Ray Warco.

Termination Data from DGI - Fred has contacted DGI several times and has been told the information is not ready. He will continue to request it.

Other Old Business - Tom B. asked if we had received liability insurance information from in-house private contractors hired by the POA. Marion had not requested it but would do so immediately after the meeting, as well as updated signatures on confidentially statements.

New Business

Confidentiality of POA Records – Fred explained that this was brought up due to a covenant violation situation. An owner had complained that records were shared with his neighbor. Marion, Terry, and June attended a meeting with the complaining owner. Marion explained that all records in the office (with the exception of personnel records) were available to the owners to come in and review. They could not leave the office or be photographed. Having said this, she told the owner that no one in the office had shared any information with his neighbor. Upon investigation, Marion found that the next door neighbor had never seen records from the office or any committee - he was just trying to goad his neighbor.

Fred also stated we had received a letter from an owner, after Marion responded to a “written” covenant violation, stating he was going to take legal action because of harassment by the office due to his neighbor’s complaints. Fred and Marion will follow up on this in the absence of a Covenants Committee chair.

Committee Exception Reports

ARB – The ARB requested approval of two guidelines (attached) – one regarding inspection fees and one regarding building plans. Tom B. moved we approve the changes, June seconded the motion, and they were unanimously approved.

Maintenance - Fred reported no meeting was held. He stated the concrete drainage pans were being installed and work is ongoing on the asphalt (roads).

Security – Tom R. reported no meeting was held.

Communications – June reported the newsletter had been mailed.

Advisory Council – June will send copies of the minutes to the BOD when she receives them and have them posted on the web site.

Covenants – Discussed earlier in the meeting.

There being no further business, the meeting was adjourned at 4:05 p.m. The next meeting will take place at 1:00 p.m., May 17, 2007 in the PHPOA office.

David Henson
Secretary