

Palmetto Hall Plantation Owners' Association
Board of Directors Meeting Minutes
June 21, 2007 - 1:00 p.m.
Palmetto Hall Plantation POA Office

Call to Order

Fred McNamee, President, called the meeting to order at 1:00 p.m. at the Palmetto Hall Plantation POA office. Other Board Members present were David Henson, Secretary; Steve Kiritsy, Treasurer; Terry Ennis and Tom Renshaw, Members at Large. June Somers, Vice President, joined the meeting at 1:45 p.m. Marion Gorczynski, Association Manager, was also in attendance. Tom Black was absent. Ray Dznowski, Heritage Operations Manager did not attend.

Minutes

The minutes of the May 17, 2007 regular BOD meeting were approved with two minor modifications.

Heritage Input/Discussion

Even though Ray Dznowski was not in attendance, the BOD discussed Claude Thorn's request for the PHPOA to provide him a pass to enter the Island in the event of a hurricane. Marion stated she had talked to Beaufort County Emergency Management and they told her passes could only be given to those listed on the PHPOA request. No Club personnel or other Heritage employee was included on our request list. The BOD agreed that no one other than those listed on the request should be given passes and Heritage, if they wished, should pursue their request with the town of Hilton Head and/or Beaufort County.

Treasurer's Report

Revenue

I-103 – Decal Income – Decal income is down but less than 10%.

I-104 – ARB Submission Fees – ARB submissions are up for May and YTD.

I-301 – Interest Income – Interest income is up significantly for May and YTD.

First quarter payment/reimbursement from Heritage has not yet been received, due in part to an error on the bill sent to Heritage.

Expenses

E-101 – Street Repairs – Street repair is on the books and after the Heritage reimbursement, it will be in line for YTD. With the exception of E-101 (Street Repairs), E-108 (Grounds Maintenance), E109 (Heritage Shared Maintenance), and E-602 (Legal and Professional), most other expenses are in line or under budget.

Recommendations/Actions

Steve stated he had previously recommended obtaining two debit cards. He now believes PHPOA should have credit cards instead, as debit cards are tied to banks and PHPOA

may change banks from time to time. David made a motion to obtain two credit cards for PHPOA use ASAP. Motion carried unanimously. Steve then made a motion to close the Bank of America hurricane fund account and transfer the money to the UBS operating fund account. Fred seconded the motion which was unanimously approved. This action will leave PHPOA with three active bank accounts instead of four – Coastal States, Carolina First, and UBS.

A discussion ensued regarding earned interest which has been credited to the reserve accounts in the Other Asset section of the balance sheet in 2007. Quick Books is currently showing this amount under Other Assets within the reserves as well as the operating accounts. Fred made a motion to have this changed to show as Reserve Interest so as to separate it from the reserve assets themselves as well as operating interest income. Tom R. seconded the motion which was unanimously passed.

An RFP prepared by the Finance Committee was presented for approval for the 2007 and 2008 reviews, the 2009 audit, and tax preparation for 2007, 2008, and 2009. Fred suggested having the RFP prepared for a one year review (2007) with two option years. The BOD generally agreed to this approach but to table further discussion until the July meeting, after they have received the comments of the auditors for 2006.

The BOD reviewed and generally agreed with draft of a letter going to PHPOA committee chairs to begin the 2008 budget development process.

Steve questioned whether we needed to continue the Letter of Credit from Coastal States bank as the town of HH will now provide hurricane clean up. The BOD requested Marion to request from the town of HH something in writing regarding the town's responsibility for hurricane clean-up and costs involved. The Line of Credit will remain open until we get something from the town.

OLD BUSINESS

Status of Accounting Function/Personnel

Marion reported a new office assistant, Katie Jones, has been hired to work up to two days a week. When the opportunity presented itself for a good candidate, Marion felt we should hire her now and have Janet help with training her. Janet will be gone at times during the rest of the year. Janet has knowledge of the bush hogging process, the owners mailings, counting of votes, and the annual meeting, as well as QB, that she can train Katie on. Marion will also train Katie on payroll on QB in the future.

The office staff worked with the auditors and supplied the information they needed. The hard copy information received from DGI was used, as well as the information on disc that Fred had received.

Marion reported there were five owners who still had not paid any amount toward their annual assessment. The BOD said they should be referred to the attorney to begin the process of putting liens on their property.

Discussion of BOD Top 6 for 2007

Relationship between BOD and Club Management – No discussion.

Clean Up Covenants – The Mission Statement (attached) for the ad hoc committee was submitted by Art Loeben for BOD approval. The document that the ad hoc committee will develop will provide guidance to the covenants but will not alter the actual covenants. David stated all other rules and regulations made by previous BODs should be included. Fred stated that he had talked to Evie Richardson who had agreed to be a member. June moved we approve the Mission Statement and inclusion of Evie on the committee. Tom R. seconded the motion which was unanimously approved.

Long Range Plan/Financial Adequacy – There was considerable discussion regarding the shortage of capital reserves needed to begin road repaving starting in 2009 and spread over the ensuing four years. A special assessment to cover the shortfall would be about \$675.00 per property owner. Terry suggested that a proposal is needed for options, such as 1) a special assessment, 2) an increased annual assessment, and/or 3) a community enhancement fee.

Fred stated it might be advantageous to have a road condition report made to see if and when roads need to be repaved. Marion will contact an engineer(s) who specialize in this to work with the Maintenance Committee chairman to provide a cost estimate for this type of report. The material to be used and whether or not curbing is needed should be part of the report if one is to be contracted for.

The Finance Committee Chair should then make a recommendation on how to raise the money.

The question was asked whether Hargray will need to dig up roads if they install new equipment/lines in the Plantation. Fred felt they would not. They have methods to go under the road for installation without digging them up.

Professional Management – No discussion at this time.

Communications – June stated the name on the PHPOA web site has been changed, email addresses are still being gathered for the Blast, and that comments have mainly been favorable for the Blast. June is to put out a Blast regarding the name change for the PHPOA web site.

Airport – Discussion held for later in the agenda.

Time Warner Cable Discussions

An Outline of Global Settlement as proposed by Hargray (attached) for a mediation meeting on July 31, 2007 in Charleston was reviewed and discussed. Fred will attend the Charleston meeting. The discussion focused on the BOD comfort level with the proposed settlement and any other issues that need to be included or addressed. David stated that

the royalty fees should not be a deal breaker. Fred stated he would question whether implementation of the lines by Hargray can be started before the exclusivity period ends. Generally, the BOD was OK with the proposed settlement.

Airport Situation

Terry briefed the BOD on the Airport Board's proposed changes to the airport zone which, if enacted, would expand the zone to include more homes in Palmetto Hall. The airport is owned by Beaufort County. The Airport Board advises the Beaufort County Commissioners. 10 of the 11 members of the Airport Board are aviators, or have strong aviation business interest. Terry asked the BOD to maintain vigilance concerning the airport and possibly to send a letter on behalf of PH to the Beaufort County Commissioners and the Town of HH, as PH is the plantation most impacted by the proposed changes.

HH Gated Community Meeting

Fred attended the meeting along with members of the BODs from Palmetto Dunes, Shipyard, Long Cove, Indigo Run and Wexford plantations. The discussion mainly was how to build up reserves or other funds. Also, Sea Pines is working on AED's for their security vehicles and Fred gave Mike Danoff's number to the Sea Pines representative to discuss how it can be handled. Indigo Run will host the next meeting. The meetings are proposed to be information sharing meetings for BOD members. Fred questioned whether we needed to belong to this group or if we received enough information from the Property Managers meetings.

NEW BUSINESS

Ball Field

Steve Kiritsy requested that the BOD consider a basketball court near the ball field. He stated that Palmetto Hall's demographics had changed and he felt there was a considerable number of younger families in the plantation since the park survey was presented three years ago. The BOD's general inclination was to pursue the question further and requested Steve to review the park survey study and have estimates of cost, etc. for the August meeting.

Late Charges on Accounts

Heritage now wants to be billed monthly rather than quarterly. The BOD agreed to the change.

The Club has imposed a late charge of \$25.00 or 1-1/2% (whichever is greater) on past due accounts for members. However, PHPOA has not instituted a similar late charge policy on account receivables, except for assessments, with Heritage reimbursements being the largest. David made a motion to establish a policy and use the same language sent in bills to owners on PHPOA bills to the Club. June amended the motion to include all entities that pay PHPOA. The motion was unanimously approved.

Committee Exception Reports

Maintenance - Committee has not met. Marion will discuss with Dave Pierce the Road Condition Reserve Analysis report.

Security – There was no meeting in May and incidents seem to be down for the month.

Hurricane – There was no event.

Advisory – The Club has not sent minutes out yet from the last meeting. June did not attend the meeting. Steve reported nothing of significant consequence happened. The permit to change the wall in the clubhouse kitchen has not been received. No Advisory Council meeting is scheduled for July.

Environmental – No meeting was held. Terry reported the decoys are being removed. Terry received questions regarding the under-the-road lagoon system drain blockage from Palmetto Hall to Port Royal Sound (from lagoon H12) and has reported that the drains are now fully clear. The lagoons look good.

ARB – David made a motion the BOD approve a new chair and two new members beginning in 2008. The new members are Linda Reda and Ed Zensinger. Mike Morse has agreed to chair the ARB. Terry seconded the motion which was unanimously approved.

Finance – Steve reported everything was discussed earlier.

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., July 21, 2007 in the PHPOA office.

David Henson
Secretary