

**MINUTES**  
**SPICEBUSH AT SEA PINES OWNER'S ASSOCIATION**  
**SPRING BOARD MEETING**

**April 26-27, 2015**

The board met at the Spicebush fire pit at 4:00pm on April 26, 2015. Present were Peter McElroy, David Shay, Theresa Thomas, Paul Anderson, and Cheryl Disque from the board and Mark King, Bob Long, and Andy Sutton from The Club Group, Ltd.

The Board toured the pool area, tennis courts and fire pit area. They were very pleased with the fire pit area and several directors had experienced it. The only concern was with the potential for outsider use. Suggestion was made to put a key pad access on the fire pit on switch. Bob will investigate. Dave asked if the quantity of gas used was being measured separately from the pool use. It is not. While visiting the site, Mark commented about the re-routing plan for the Ocean Course that would place the hole for a par three directly in a view line for the property.

The board then walked through unit #570. Bob pointed out the sample of a bike rack and plant in the courtyard just outside the door to the unit. The board had mixed feelings about its usefulness but was interested in seeing if there was a cost effective way of sprucing up that area to make it useful and attractive. The board discussed the need to replace the blinds in the windows and the screen doors. Several of the blinds also had seen their usefulness expire and were in need of some work. As part of the property tour and also part of the Property Report, Pete stressed that the Association had to address the screen doors as many of the ones he has used have been difficult to open. Bob mentioned that CGL has been working through the screen doors, focusing on track wheels and lubrication but has avoided any wholesale replacement due to budget constraints. The board briefly discussed the opportunity to remove one of the routers due to new hardware in the hopes of being able to replace the TV cabinet. The board also briefly discussed adding salt and pepper to the unit but due to liability concerns decided not to move forward. The board suggested that there be a list of "items provided" and "items not provided" as a way of informing guests of kitchen supplies.

The board reconvened at the Harbour Town Yacht Club at 5:10pm.

CGL was directed to change and update the titles on the Board of Directors list. The meeting minutes from October 19&20, 2014 were approved unanimously.

Bob discussed the property report. One of the lowest ratings was the satisfaction with check in. Bob mentioned this is often the case in the winter due to the overall darkness of the Island at night. The Board suggested adding a Google address for directions. The Board also asked that at the next linen replacement CGL should look into getting larger towels with a higher thread count. In regards to the furniture, the Board asked for CGL to look into the cost of replacing the TV armoire in the master

bedroom as a way of helping to update the room. Bob mentioned one of the difficulties of working from the property and exchange reports is the number of respondents depending on the season. One respondent in an otherwise low occupancy season can significantly swing the percentage. The Board asked CGL to look into the feasibility for the Front Desk to send out a follow up email if no survey was turned in as a way of trying increase the number of respondents.

Mark briefly updated the Board on the updates completed and also scheduled by Sea Pines Resort.

The Board adjourned for the evening at 6:10pm.

The Board reconvened at 8:30am on April 27, 2015.

Andy reviewed the March 31, 2015 Balance Sheet. Andy noted that the cash balances were slightly down after having completed the first phase of the Master Bathroom project and the exterior paint. Andy pointed out that while the accounts receivable was quite a bit higher than the previous report, this was in part due to the same delinquent owners being billed again this year and the fact that they were also billed the special assessment. While the accounts receivable has grown year-over-year, it has not outpaced the projections at this point. The Allowance for Doubtful Accounts is used to make sure that the expectation for what is actually collectible does not get out of hand. Andy also pointed out the significant reduction in the Recovery receivable due to the March 31, 2015 payment per the Revised Recovery Agreement of \$17,550 from CGL.

Andy pointed out in the Operational Statement that the revenues for Rental Income would most likely be off this year due to the Master Bathroom remodel. The Board then turned to the Reserve Statement and Andy reported that the Exterior painting project was complete and came in slightly under even the revised budget. The fire pit came in slightly over budget but the Master Bathroom came in virtually right on budget. There was an invoice that outlined some additional expenses that came in as a result of the Master Bathroom remodel. Most of those expenses were not directly related to the remodel but were expensed in 2015 due to the timing of the completion of those projects. The Board approved the expenditure for the Dining Room furniture to replace 100% of the Dining Room table bases instead of on an "as needed" basis.

The Board then spent considerable time discussing the overall collections process and the future plans of the Association. Andy pointed out that based on an "equilibrium assumption" in the 20-year schedule, 2015 would be the year the Association would reach that equilibrium. In reviewing the current year delinquent accounts, Andy was optimistic that the Association would be able to collect enough of the delinquencies to keep from exceeding that equilibrium assumption. Notwithstanding this year's collection activity, the Board felt that the 20-year schedule would need to be revised since the delinquency rate appears to still be strong. Andy also brought to the board's attention a new law in South Carolina that allows for Non-Judicial Foreclosures. This will allow the Association to foreclose much more inexpensively and much more quickly. The law allows for any association to adopt the Master Deed change with only a 15% affirmative vote. The Board unanimously approved this adoption to be voted on at the upcoming annual meeting.

Mark gave a brief report on the Recovery Agreement. At this point CGL has made the first two payments outlined in the Revised Recovery Agreement. The next payment will be due August 31, 2015. The bank only provided about 60% of the requested funding but did agree to relook at the financing during the first part of 2016. CGL remains committed to the final payoff of the Principal Loss by December 31, 2016 but with the revised bank funding, some of the payments beyond August 31, 2015 may need to be adjusted. Mark will provide the Board with an update at the Fall Board Meeting.

The directors asked about the situation that might occur if a PAI type problem occurred. Unlike other situations where boards did not receive any or infrequent financial reports and bank statements, Spicebush receives monthly financials, bank statements, and cash reconciliations. CGL does keep a file of all of the monthly and annual contracts and will forward a copy to the Board for their records. CGL will also supply the names and contact information of pertinent contractors that help keep the units and facilities operational. The Board asked for Paul Anderson to be added to the bank signatories as the Treasurer of the Association. Theresa Thomas is currently a signatory on the Associations bank accounts. The Board asked about The Club Group's internal controls. Andy discussed the basics of those internal controls and stated that as part of the annual audit the auditor reviews the internal controls. The Board asked Andy to speak with the auditor about doing an internal control audit.

Bob then reviewed the Action Item List. The Board stressed the need to do everything possible to rent any delinquent or HOA unit so as to prevent any loss of revenue. The Board decided to table the courtyard enhancements until it can be properly budgeted. Bob also brought to the Board's attention the need to replace an increasing number of front door locks. Due to the size and shape of the existing locks, the new locks will be quite expensive and repairing the locks is becoming increasingly not an option. The existing locks are old and the parts are no longer made. It takes a skilled locksmith to repair the existing locks.

The Board re-emphasized the need to add pictures to the website of the Bathroom Remodel and the Fire Pit. The Board also directed CGL to update some of the verbiage as it is no longer applicable with some of the recent upgrades to the facility.

There being no other business, the Board adjourned at 12:00pm.