

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

**May 15-16, 2016**

The board met at the Spicebush pool at 1:00pm on May 15, 2016. Present from the board was President David Shay, Vice President Cheryl Disque, Secretary Theresa Thomas, Treasurer Paul Anderson, and new board member Kaleb Froehlich. Also present from The Club Group, Ltd. was Mark King, Bob Long, Andy Sutton, Scott Connal, and Casey Everett.

The board toured the pool area and the fire pit. Cheryl made mention that the palm overhanging the fire pit should be kept trimmed so the flame does not catch it on fire. Andy pointed out the asphalt and its current condition and that the reserve schedule anticipated redoing the asphalt in 2017.

The board walked through unit #568. The board requested a quote to reupholstering the dining room chairs as well as the bar stools. The board liked the durability and the ability to clean the current seat covers but wanted to check on newer fabrics that could do both and not have the plastic feel. The board also requested a quote for replacing the armoire in the master bedroom. A quote had been given previously but it was too small and CGL was asked to re-quote the replacement. The board inspected the physical condition of the bed linen. Andy stated that CGL would be doing a more thorough inspection of the bed linen to pull out any linen in poor condition, but stated CGL would be replacing all of the towel linens regardless of condition. Cheryl requested that CGL consider purchasing larger towels. Andy stated that CGL would be looking into larger towels but also stated that larger towels not only cost more on the initial purchase but also to clean. CGL would look into and report back to the board on the additional cost.

The board then convened to the Yacht Club to continue its board meeting.

The meeting minutes from October 18-19, 2015 were approved as presented.

Bob discussed the property and exchange reports. Bob noted that Interval International changed its formatting making it more difficult to read. The board asked if there was a

way to merge the three reports (Internal, II, and RCI) into one so the board could compare across the three. CGL agreed to look into it.

Dave asked about the pet policy and if there would be any way to allow pets. After some discussion regarding allergies of other guests, additional time needed to clean the units, and the direct additional cost to deep clean the unit, the board agreed to stick with its current policy of no pets.

Andy discussed the March 31, 2016 financials. Andy pointed out that the cash was relatively flat with last year after having just completed a complete roof replacement, complete exterior paint project, as well as the last half of the Master Bathroom remodel. Andy also reminded the board that CGL had finished paying off the full recovery plus interest which helped boost the cash balances. On the P&L, Andy pointed out the Rental Income was up considerably over last year and just short of the annual budget three months into the year. Largely due to success with VRBO, but also not having any units down due to remodels has significantly increased the Associations rental income. Andy anticipated the annual rental revenues being close to \$40,000 if everything holds steady since a large portion of the rentals come in the 4<sup>th</sup> quarter. Mark gave a brief update on the entire rental program. Another large positive variance is in the Electric and Propane Gas accounts. Hilton Head experienced a relatively minor winter compared to the previous couple of winters and the savings to Spicebush is significant.

Andy also discussed the accounts receivable, HOA units, and legal expenditures. Kaleb asked that the board be updated on the non-judicial foreclosure process in August and that Spicebush consider sending a second batch to non-judicial foreclosure in September to help Theresa sell some of these old delinquent weeks.

The board asked if CGL could coordinate the 2016 TV expenditure with the Hargray fiber optic and new box update. The goal would be to have Hargray program the remote so that it works more seamlessly and hopefully eliminate a remote. The board also asked if Hargray could eliminate the non-existent channels. The board discussed the need to address several of the window blinds in the units. The board approved CGL to move forward with the blinds as necessary for a budget of \$3,000.

Andy went over the "controllable vs. non-controllable" expense report the board had asked Andy to create. The report showed the average increase/decrease each line item had over the last five years as a way of determining which line items the board and CGL should focus on. The board asked CGL to split out the 6494-000 "R&M General" account into smaller and more specific account codes. CGL would do so for the 2017 budget.

The board then outlined the upcoming deadlines as follows:

- 8/24/16 - CGL would send the draft budget to the board
- 8/31/16 - 4pm conference call with board to discuss draft budget
- 9/9/16 - Final budget and package sent to board with any changes
- 9/16/16 - Budget mailed to owners
- 10/17/16 - Annual owners meeting

Mark mentioned to the board about several groups that had approached The Club Group with ideas on how to solve the HOA delinquency problem. They could be categorized into almost two groups. The first group involves one of the original developers of Spicebush and his very vague plans of attempting to redevelop Spicebush. The details provided in several meetings with Mark and Theresa were disjointed enough that Mark had difficulty explaining the concept in any meaningful way. Mark believed that the company that has been created is having difficulty dealing with the many problems of a timeshare HOA that there is not a clear way forward at this time for Spicebush with this alternative. The other group centers around a sales team using high pressure sales tactics. While the presentations made to Mark and Theresa have some potentially valid points, only one presented an option worth exploring further. The board expressed concern about several of the items in some of the proposals Mark presented from those companies. Mark would pursue the one company (Palmetto Marketing) a little further and clarify some details.

The board then adjourned for the day.

The board reconvened at 8:30am on Monday.

Andy discussed the 20-year reserve schedule. Andy went into further detail on the TV upgrades for the Living Rooms. Andy estimated that it would cost approximately \$450 each to purchase 43" Smart TVs with brackets and approximately \$2,500 in total for installation of the Living Room TVs. The existing 30" TVs in the Living Room would be transferred to the Guest Bedroom and mounted to the wall. The board opted to put the wires in a channel in the Guest Bedroom versus hiding the wires in the wall as a way of keeping the cost down. The cost to install the Guest Bedroom TV will cost approximately \$150 per unit. Where new DVD players were needed, the board suggested looking into Smart Blu-ray DVD players as long as it didn't make the components "too smart" and create more confusion that would make things more difficult.

Andy also presented a new lock system for the front doors of the units. CGL has been looking into replacing the door locks as they have been failing over the past year and a half. The locks are an older style and very expensive to repair. Due to the configuration, it is difficult to replace the lock without replacing the door. As such, Andy presented a new keyless system that would replace the current door and lock. The board liked the idea of eliminating the keys while solving a problem. The board had some initial questions which Andy will look into and report back to the board.

The board discussed some of the marketing ideas that CGL had been working on. Mark reported that VRBO had been working very well and that long term rentals had been very strong. Mark also reminded the board that Swallowtail had invested some significant funds to re-do their website and entered into a marketing project that includes social media to market Swallowtail. CGL believes that if Spicebush followed the same path, they would experience better results than they currently are, even at the already much higher numbers than expected. The board felt that VRBO is the best program going right now and any new funds invested might have a diminishing return. The board opted to wait until the Fall meeting to discuss further and see where Swallowtail is after a full year of their program.

There being no further business, the meeting was adjourned at 11:45am.