

SPICEBUSH AT SEA PINES OWNERS' ASSOCIATION

SPRING BOARD MEETING MINUTES

April 22nd - 23rd, 2018

The board met at the Spicebush pool at 1:00pm on April 22nd, 2018. Present from the board was President Paul Anderson, Vice President Kaleb Froehlich, Secretary Theresa Thomas, Treasurer Helmut Knipp and our new Board member Peter McElroy. Present from The Club Group, Ltd. was Mark King, Andy Sutton and Scott Connal and Director of Maintenance Ned Landan.

The board toured the pool deck, and Scott gave a report on the property and reviewed the three major projects from the 2017 Capital Improvement plan. They were the new tennis court surface, the new asphalt project and the new doors and keyless locks. Scott shared that we experienced a very cold winter and some of the plants had been damaged from the snow and ice and are still in the repair process. Scott then introduced Ned Landan the new Director of Maintenance for The Club Group. Scott and Ned then toured the new tennis court surface with all board members and noted that at the edges some land buildup has caused some dirt to run on the court during a rain storm. CGL will remove some of the buildup and install a small border at the edge of the fence.

The Board then moved to Spicebush model unit # 576. Scott pointed out that the old painted brick sidewalk was getting noticeably dull and discolored and that CGL had tested out a paint sample on the sidewalk leading up to #575. Scott noted that the current paint color came out way too bright and he was trying to freshen up the existing color rather than change it. Mark stated that the Association has painted the sidewalks from time to time in the past, and it is time to do so again. Inside the unit Scott pointed out the existing popcorn ceiling and the needed repairs and commented that he will review this issue in the meeting with a detailed popcorn ceiling survey. In the Master bedroom Scott showed the board two different fabric choices to recover the existing chair and the board selected one option. Scott then presented two reading chair lamps for the Master bedroom. The meeting then moved over to the Harbour Town Yacht Club meeting room.

Paul called the meeting to order at 2:35pm. The first item on the agenda was to approve the meeting minutes from October 8th and 9th, 2017. The motion was made, seconded and approved. Next Scott reviewed the Property report followed by the exchange

report. Scott then reviewed a new report which expanded on the owner comment report and summarized the issues in the "Fair" and "Poor" categories. Helmut then shared his professional experience within the industry and how owners and guests rate different things. Paul thanked Scott for the report as it provided the additional detail the board was looking for. Next Scott reviewed the Pet Policy. Scott explained that emotional support animals are not recognized in the state of South Carolina as service animals. Spicebush only accepts Service animals that are recognized by South Carolina Law. Pete asked if pets are covered in our Insurance Policy, and Andy said he would confirm.

Andy reviewed the March 31, 2018 financials. Helmut commented on the excess cash sitting in the Operating Account. The board agreed to have Andy move the excess funds into one of the interest-bearing accounts and then on a monthly basis, to transfer the anticipated needed cash back into the Operating account.

Andy stated that we are retaining \$7,000 payable to the asphalt company until they are able to come back after the summer season and properly fix the parking lot punch list issues. Helmut inquired about the electric overspend thru March. Andy stated that heat is our most expensive utility and we had an extremely cold winter for Hilton Head. Due to the very mild winters we have had the past couple of years, the budget anticipated continued savings on electricity in the winter. At this point, we do not expect the variance to grow considerably over the remainder of the year but there will most likely be a \$4-6,000 negative variance to budget by year end. In reference to the Reserve Budget for 2018, Andy stated that there were some items that needed to be completed in the Master Bedroom such as the mirrors, the valances, the chairs, and the new floor lamps. The Parking Lot also was budgeted in 2017 but due to timing issues could not be started until January 2018. Paul made a motion to approve new Master Bedroom floor lamps which was seconded and approved. Andy reviewed the accounts receivable and HOA list.

Kaleb asked Theresa to outline the most saleable weeks. Theresa replied weeks 12-42. Helmut suggested that we sell/rent a block of units. Andy shared how Mindy Burroughs combines the different weeks together and attempts to rent as many weeks in a row as she can.

Paul asked Scott for an update on the fire pit. Scott explained that at the current moment the fire pit is not operating and needs an igniter part and that he has contacted two vendors for replacement cost.

Paul wanted a recap on the money being held back from vendors who performed work at the property. Scott said that we have held back \$7,000 for asphalt and \$3,500 for the Tennis Court surface. Paul asked when the master bedroom mirrors will be completed, and Scott replied within two weeks.

Next Andy spoke on the new door installation and that we were dealing with forty-year-old buildings which presented many different challenges. Andy said he expects the door punch list would be completed within a few weeks. Mark King stated that it really presented more challenges than expected such as frames being out of plumb. The door punch list is nearing completion.

Next Andy reviewed the check-in procedure with the new door locks and how it works. Currently we have approximately 80% email addresses for owners. The protocol will be to email out the codes for that week's stay on Tuesday. The owner will then be able to go directly to the unit after getting their pass at the Welcome Center. Inside each unit, there will be the standard check-in package complete with the normal magazines and flyers typically handed out. This protocol is only true for owners. Rentals and Exchangers will continue their check-in at the Front Desk. Andy then shared the washer and dryer install program is in motion and we should be completed by the end of May.

The Board then began the discussion of four major projects on the Agenda, namely, ceiling repair, interior painting, living room furniture replacement, and main-level flooring. The Board packet included a detailed description sheet for each project.

The ceiling repair has the highest priority because of the seriousness of the ceiling conditions. Scott presented a report he had prepared showing by unit the number of repairs needed and the estimated surface area affected in square feet. The recommendation is to remove the popcorn ceiling treatment, apply a smooth finish and repaint. Because the work is so extensive and produces so much debris, the recommendation includes having the second project, the wall repainting, done immediately thereafter. Estimated costs are \$120,000 for the ceiling and \$134,400 for the walls, or \$254,400 total, based on a bid from Paul Langan Painting & Contracting that was distributed to the Board.

The third project is replacement in the living room of the convertible sofa, two end tables, coffee table and two chairs. The existing items are from 7-10 years old, are showing wear, and have been the subject of "dated look" comments from owners. Scott presented design boards provided by a design consultant showing options for a "coastal" concept. Estimated cost is \$100,750.

The fourth project is new flooring for the main level and stairs leading from the entrance to the main level and from the main level to the next level. Two options were proposed: carpet or vinyl plank with a wood appearance. The vinyl, if used, would also be extended into the kitchen and would include a 5' X 7' area rug under the coffee table. Estimated costs are \$51,400 for carpet and \$100,000 for vinyl. At 5:45pm the Board meeting was recessed.

On 4/23/2018, the Board meeting resumed at 8:30am. Paul asked Andy to review the 20-year Reserve projection. Andy reviewed the cash balances primarily over the next five years, focusing on the impact of the four proposed projects. The total cost of all four projects is between \$400,000 and \$450,000, depending on the flooring choice. Funding of projects this size will require increases in assessments, but the Board had expressed a preference for raising the funds through increased regular rather than special assessments. Accordingly, the Reserve Projection was prepared by spreading the projects over the 2018-2022 time period with gradual regular fee increases appropriate to cover the costs.

Under this approach, Board approval is needed now only for the ceiling and interior paint projects. The furniture and flooring would need to be deferred until 2020 for budgetary reasons. After discussion by the Board, Paul made a motion to approve the projects to remove the popcorn ceilings, apply a smooth finish and repaint the new ceilings and the walls on the schedule proposed by CGL, namely in the living areas, 12 units in October-December 2018 and 12 units in October-December 2019; and in the bedroom/bath areas, 12 units in October-December 2021 and 12 units in October-December 2022. The motion was seconded. Then, after discussion and Club Group input, it was amended to allow for earlier dates for the bedroom/bath work, if possible after the 20-year Reserve Projection is reviewed by CGL prior to the next Board meeting. The motion included limiting the project to a \$260,000 budget and is subject to the board reviewing and approving the final bids. The amended motion was seconded and passed unanimously.

The other two projects, the flooring and the furniture, tentatively scheduled for the winter of 2020, would be discussed further at future Board meetings.

The flooring project description sheet referred to an owner survey to obtain their input on a hard surface vs. carpet decision. Paul handed out a draft survey that he felt should be sent to the owners in advance of the decision on which type of flooring to go forward with. Paul expressed some concern of making such a significant change without soliciting owner input. Since the flooring project is still a couple of years away, the

board will review the draft survey at the next meeting. The board asked Scott to update the sample board at the next board meeting to include replacing the lamps and shades and adding an area rug in the Living Room.

Theresa mentioned the Swallowtail decision to create a model in one of its units of a remodeled kitchen area including new flooring. She suggested that Spicebush use that approach for the living area and, once the Board has made decisions on the specifics of these changes, redo one unit in the fall 2019 timeframe to show what the new flooring and furniture would look like. The Board directed CGL to develop an estimate of the cost of making this change to one unit and report back at a future meeting.

Moving to other matters, next Paul asked for an update on the quotes for the pool gates. Scott explained we have two quotes around \$4,500 and that these are much better than the original \$6,000 that he received. Paul recommended a review of the pool gates at the fall meeting when the status of other capital expenditures for this year are known.

Next on the agenda was the sales and rental program. Mark shared the current numbers and credited the current email blast and marketing that have been sent out by Michael Weaver. Mark asked the board about adding six additional eblasts to owners per year. The board was in favor of the additional email blast especially during season. Paul asked Scott how The Wine and Cheese receptions are going. Scott replied they have been very well attended and the Owners and Guests have responded with positive comments on the property. Scott mentioned that this also is a great opportunity to meet our owners and guests.

Mark then spoke about the mold and mildew situation that presented itself last year and said we had a professional company come to the property and treat the interior ducts in the units that were identified. Scott noted that most if not all a/c registers / vents in the living rooms and dining rooms have been replaced with new plastic ones. Andy then reviewed the calendar for our fall board meeting. All members agreed that the draft budget would be sent to the Board by August 15, and the conference call concerning the budget will take place on August 22nd, 2018 at 4:00pm Eastern time. The fall Board meeting will be on October 15th and 16th, 2018. The Board members then reviewed the current Board positions and their length of terms.

Andy reviewed the present HOA weeks chart. Helmut suggested to Theresa to target the retired homeowners for rental and sales.

With no further business the meeting was adjourned at 10:08am.