

MINUTES
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION BOARD MEETING
September 8, 2007

PRESENT: Messrs. Hummer, Buschur, Mathews, Gannon, and Newby; Mmes. Cantley and McCormick; Messrs Davidson and Davis by phone.

ABSENT: Mrs. Merrill

1) Call to Order and Determine Presence of a Quorum of Directors: President Hummer called the meeting to order at 8:00 am. There was a quorum present.

2) Approve Minutes of July 14, 2007: The minutes of the July 14 Board meeting were approved as presented.

3) Discussion of Matters Deferred to this Meeting:

- i. PSD Request to Amend Inlet Bridge Agreement – defer to budget discussions
- ii. Election of Board Officers Process: Following review of other associations' election procedures, it was felt that a formal process is not necessary but we must be mindful of our own informal process. It was agreed that Mrs. Hines would remind Board members at each March meeting to contact the President or her if anyone is interested in serving as an officer of the Board.
- iii. Committee Members for Grounds Committee: defer to upcoming discussion of Resolution 446

4) Report from General Manager Kate Hines:

Financial: General Fund: \$929,000; Cash reserves of \$2,138,000; Deposits for Right of Entry \$157,000; Accounts receivable \$9,300

--We are at 93% of budget for revenue and 52% of expense. We have collected 99% of 2007 assessments. One lien has been filed for non-payment of assessments.

--There have been 11 property transfers since July 1st.

--The Finance Committee met with Ray Warco of Cherry Bekaert & Holland on August 31st regarding the federal taxes paid in 2006. After further review, we have amended allocations of non-member income. CBH will adjust the tax return, but we don't know by exactly how much.

--The committee reviewed the 2008 budget request and suggested changes

--Also addressed and submitted in resolution form today are the investment policy and the contract for an investment advisor.

Crossovers: The Board's decision to make emergency repairs to three crossovers enabled repairs to be made to crossovers #26, #29, and #31. Currently #26's ramp is buried under sand, #29 has a 9" drop off from the ramp to the beach, and #31's ramp is sitting directly on the beach. #24 is now at a 7" inch drop, #25 and #27 steps are buried in the sand. In general, sand is accreting; however, crossover #28 has a 15-½ " drop off from the last step to the beach, which is acceptable. Personal crossovers located next to #28 and #29 are showing the same washed out effect. At this time, no new changes need to be made.

Bridges: Blue Heron update – PSD will vote Sept. 11 on whether to repair the pilings. They have intimated that they will approve it. Once that is done, the work will be scheduled as soon as possible.

Grounds: We received permission from the Hunting Island Park superintendent to trim the palmetto trees, which overhang the Inlet Bridge, and to remove the dead bay trees behind the Fripp Island sign.

Security: The Committee met August 22 and authorized placement of two signs on the beach at Rock Beauty during busy holiday weekends stating that there is an emergency corridor to the water that must not be blocked. This was in reaction to reports that crowds would not disperse during July 4th weekend and the Fire Department had trouble getting the jet ski down to the water for a rescue. Unfortunately, the signs disappeared the Tuesday after the Labor Day Holiday. We will order two more.

--Pedestrian signs have been mounted on street sides at the Beach Club and the Tarpon/Remora crosswalks.
--In August, there was one serious car accident, one arrest for DUI, and one arrest for criminal domestic violence.
--The Security Committee reviewed the request from the Appeals Committee regarding the fine for driving without a valid driver's license, see Resolution #452. The Committee also reviewed the Security budget, which was approved and forwarded to the Finance Committee.

Roads & Drainage: The bike path at the front of the Island has re-opened. The Preserve at Old House Creek development has been paved, most of the open area has been landscaped, and the lagoon has an aerator. The Tower lot area development requiring closure of the bike path will start construction soon.

--Over Labor Day weekend, the Island received a very large amount of rain (over 8 inches), and many roads were temporarily flooded. With the exception of a few problem spots, all areas were dry by Wednesday.

--Wilbur Smith Associates came to the Island again Thursday to walk the Tarpon Phase 1 widening and drainage project with Bob Newby, the Roads Committee, and the PSD to coordinate construction with existing lines improvements and locations of water and sewer lines. Other members of the PSD and the Roads committee met with them on site.

PSD: Sewer line installation will start at the intersection of Fairway Club and Porpoise Drive within the next week and a half. The area involved will extend to the inlet side, and part way into Porpoise Circle. Construction should take about a month. This area of Porpoise Drive will have to be closed while under construction each day. Traffic will be re-directed either around Remora via the inlet side or back down Porpoise depending on where they are working. They will keep one lane open at night. All of the trenching for the Island-wide vacuum sewer project should be complete by the end of October.

--The SCDOT Commissioner has ruled that it would not be feasible for SCDOT to accept ownership of the Inlet Bridge at this time. Reasons cited are that the bridge, though open to the public, is not a major thoroughfare and does not serve as access to a public area and that the state doesn't have the funding levels necessary to make required repairs to bring it into the state system.

Club Advisory Board: David Smith is no longer working for the Club.

--There will be a sign at the Beach Club regarding proper attire.

--Routine maintenance for Club buildings and grounds was stepped up after a long season of wear and tear.

--There was discussion at the CAB meeting about underage drivers on golf carts and it was explained that there would be a resolution regarding this at next week's Board meeting.

Miscellaneous: The Women's Club would like to place swinging benches, like those in Davis Love Park, in other areas throughout the Island. The benches would be donated by the Women's Club and would become POA's responsibility to maintain. They are in the process of scouting sites and will be back soon with locations and a formal proposal.

--Mrs. Hines met with the managers of Dataw and Harbor last Friday in an effort to coordinate post hurricane access and reimbursement possibilities with the County. We hope that if the three communities can speak with one voice we may get better services. A meeting with County representatives will be held on the 18th and any positive response will be disseminated.

--Mrs. Hines and Mrs. Reeves will be in Denver next week at the Community Associations Institute's Annual Large Scale Workshop. This workshop is a chance to see how other large-scale communities are managed, get some of their best ideas, and network. You may recall that my registration fee is being waived because I won the best management practice award last year for use of the mass emails to owners. Topics of discussion at this year's workshop include *Challenges of an Aging Community* and *Who is an Active Adult and What the Heck Do They Want?*

i. Resolution 446: For the Board of Directors to Give its Advice and Consent to the Appointment of a Chair and Committee Members to the Non-Standing Grounds Committee

Proposed Resolution: That the Board of Directors appoints the following Members to the Non-Standing Grounds Committee: Micki McCormick – Chair, Linda Ashby, Jane Davidson, Mary Gnau, and Mary Frances Thomas. Ex-Officio Appointment – General Manager.

Motion approved.

ii. Resolution 447: Update Administrative Salary Plan

Proposed Resolution: That the Board of Directors approves the Administrative Salary Plan, effective January 1, 2008, attached to and made a part of this Resolution.

Motion approved.

iii. Resolution 448: Increase Road Expenses

Proposed Resolution: That the Board of Directors approves increasing funds for road and drainage by \$201,700.

Discussion: Mr. Newby presented background of when earlier Roads Committees first started to discuss widening Tarpon Boulevard. Phase I plans were to widen and repave Tarpon from Skipjack to Rock Beauty; Phase II would be from Rock Beauty to Bonito. The width of Tarpon starts at 22' at the Security Gate and decreases to 18' at Skipjack. There is considerable road damage and poor drainage. In addition, the vacuum sewer project, while necessary, cut up many roads. We have continued to patch and still more patching needs to be done. The engineering plans for Phase I are in place and we have an acceptable bid of \$367,000. The 2007 budget for roads is \$463,800. The actual estimated budget is \$655,500. Of this amount, \$243,000 is capital expenditure for road widening and drainage improvement. Prices for asphalt paving, road grading, and road construction increased significantly this year. In order to complete all scheduled projects an additional \$201,700 is required and the committee feels it is appropriate to ask for this amount from the capital reserve fund. Mr. Buschur noted the Finance Committee had discussed the Roads and Drainage budget request at length. Although initially not approving the request, he now believes we should at least complete the Phase I project. Pros and cons of using money in the capital reserve fund were debated at length, as well as creating a special assessment. It was agreed to defer the \$365,000 Phase II project due to the need for more analysis of available funding.

Motion approved, 5-3.

Strong objections were voiced via correspondence and in person by Mr. & Mrs. Morrison, whose property is across from Skipjack on Tarpon. Previous problems with saltwater killing trees, raised roadbeds on Skipjack and Seahorse, and non-maintenance of drainage for unpaved roads were solved by the Morrison's. Their concerns now are that the widening project will be unsightly, unhealthy and cheap; the responsibility for maintenance of the grate, ditch and gravel accumulation; driveway drop-off into the ditch; and result in a decrease in their property value. In response, Wilbur Smith engineers are now suggesting two 6" pipes under the driveway, and not creating as much of a swale on their side yard. In a report to the Roads Committee, a member felt that the Morrisons' had done an outstanding job of dealing with the low elevation of their lot, but does not feel that the side roads have been significantly raised with stabilizing road materials over the years. Overall, the Committee feels the POA has improved the quality of roads on the Island.

During this discussion, it was noted that our income from commercial user fees and Resort rental fees have decreased dramatically. It became apparent that is critical to consider other sources to raise income and that we must inform the membership of our funding dilemma. Mr. Hummer will appoint a committee to address these issues.

iv. Resolution 449: Adopt an Investment Policy Statement

Proposed Resolution: That the Board of Directors approve the adoption of the attached Investment Policy Statement.

Motion approved.

v. Resolution 450: Enter into a Contract with an Investment Manager

Proposed Resolution: That the Board of Directors approves entering into a contract with Jentner Financial Group.

Discussion: Of the original five organizations selected to submit investment contract proposals, three were chosen to give presentations. Two were then given specific questions to answer and Jentner Financial was selected.

Motion approved.

vi. Resolution 451: Fund Repair of Blue Heron Footbridge

Proposed Resolution: That the Board of Directors approves replacing the handrail and pickets on the Blue Heron Bridge when FIPSD replaces the pilings. Costs not to exceed \$4,500.

Motion approved.

vii. Resolution 452: Increase the Fine for Driving without a Valid United States Drivers License

Proposed Resolution: That the Board of Directors approves the adoption of increasing the fine for driving without a valid United States drivers license and to post signage stipulating the amount of the fine.

Discussion: Samples of the sign and sticker to be placed in golf carts were displayed. It was noted this first was discussed at the Appeals Committee level, then referred to Security. In the meantime, the CAB also expressed concerns about underage drivers in golf carts. A Board member expressed concerns that the fine was out of line with the infraction, that we were imposing penalties on unsuspecting owners and guests, that we don't need more signs on the Island, and that it looks as though we are trying to increase revenue at the expense of renters. Other Board members noted that the consequences of underage drivers could be horrendous and that parents don't realize how much they can lose. In addition, parents don't take the underage issue seriously and pay little to no attention when stopped. It also appears that the parents don't care about the amount of the fine, but mostly whether their child will accumulate points against their license.

Motion approved.

5) Committee/Other Reports: PSD

Mr. Hroncich reported that Inlet Bridge work is due to begin in October and should last through December. The bid went to Cape Romain, who also did the repair work when the bridge collapsed in 1997. The work includes repairs to four dolphins, striking, and caulking. The Coast Guard consulted with the engineers and warning lights will be installed.

--The rock revetment replenishment at the Inlet was set back by two months due to turtle season but is now complete.

--Beaufort and Jasper counties are the only two in South Carolina that have not been affected by the drought. Voluntary water restrictions are still in effect.

--A few problem areas were noted with the wastewater treatment plan but have been repaired. All canisters will be installed by the end of the month.

--PSD meetings are held at 9:30am on the second Tuesday of the month at the Firehouse.

6) Comments and Questions from Members

(C) Mr. Morrison thanked the Board for revising the Tarpon Phase I plan regarding his property while he was out of town.

7) Recess

8) 2008 Budget – Review of First Draft

9) Statement of Matters Deferred to Next Meeting:

1. Second Review of 2008 Budget

10) Next Meeting: The next meeting is scheduled for Saturday, October 13 at 9:00 am in the FIPOA Conference Room.

11) Vote to go into Executive Session to Discuss Legal Matters

12) Reconvene in Executive Session

13) Reconvene Regular Meeting; Announce Action taken in Executive Session: The Board adopted a working document of the draft covenants.

14) Adjourn: The general meeting was recessed at 11:00am; Executive Session was adjourned at 1:20pm.

Respectfully submitted,

Mary Cantley
Secretary

*Minutes are not the official record of proceedings until the Board of Directors has approved them at the following meeting. Please hold this draft until you pick up the next meeting's draft that will contain corrections as made and approved by the Board.

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