

**FRIPP ISLAND PROPERTY OWNERS ASSOCIATION BOARD MEETING
DRAFT MINUTES
July 10, 2010**

PRESENT: Mrs. McCormick; Messrs. Davidson, DiSerafino, Duncan, Hess, Hindes and Morrison; Messrs. Case, Crouse & Kemmerer by phone

ABSENT: None

1) Call to Order and Determine Presence of a Quorum of Directors: President McCormick called the meeting to order at 9:00AM. There was a quorum present.

2) Approval of June 12, 2011 Meeting Minutes: The minutes were approved with the following changes:

- A) General Manager's Report:** Add to PSD section: Recent diving estimates..."before a portion of the pipe which is exposed has to be sand bagged."
- B) B) Announce Action Taken in Executive Session:** Delete "There was no action taken in Executive Session." Add: "The Board appointed Bob Young to the Architectural Review Board."

Opening Remarks: Mrs. McCormick noted that the Board wished to change the order of business. The Bylaws state what shall be included in the agenda, but not the order in which items shall be discussed. Those guests in physical attendance who wish to make comments/questions will be asked to identify themselves at the podium so that directors/guests on the phone may be better able to hear.

3) Special Order of Business: It was recommended that comments from the floor be limited to three minutes.

Motion: Motion made and seconded to vote on this recommendation today. Motion approved.

Final Action: Motion made and seconded to approve the special order of business that comments from the floor will be limited to three minutes. Motion approved.

4) Comments and Questions from Members: Before opening the floor to questions/comments, President McCormick cautioned those phone participants that although they may not be able to hear the meeting discussion very well, comments made by them to each other can be heard very clearly by those present in the Boardroom.

(C) An owner noted that the Board should not have authorized the use of reserve funds for the special interest group of the OCRM setback appeal. He felt that this depletion of monies would increase the amount of regime fees. He had concerns that if the revetments did not stand up to a Category 1 hurricane, then all property owners would be in trouble.

(A) The Board will take these comments into consideration. It was noted that the real value of Fripp is that it is a private gated community, a wildlife preserve, and it has a great beach.

(C) An owner requested follow-up to his comments at the Annual Meeting that the Board look into parking signage at Ocean Point. There are problems with parked vehicles and boats on the street, it is difficult to get out of driveways, and emergency vehicles may not be able to get through the narrow road.

(A) This issue will be referred to the Parking Committee for discussion at their July 16th meeting. Chief Binkowski also noted that Security is already looking into this situation.

(C) An owner on Porpoise Drive extended his extreme appreciation to Kate Hines and the past and current Board of Directors for working so hard on the setback issue and to have S.1051 become law. A warm round of applause was extended.

(C) Another owner, who is also a realtor, seconded those remarks and noted that not just beachfront properties were affected, but ALL Fripp properties. She congratulated the Board, Kate Hines and her staff for their efforts. Another warm round of applause was extended.

(C/Q) An owner made three comments regarding 1) the reasoning for questions/comments at the beginning of the meeting; 2) that the Board look into updating the phone system since most owners are non-residents and depend on the teleconferencing system and it is hard to hear; and 3) has there been an expert opinion given on property values, as the Board now has a member who is a lawyer?

(A) It was noted that 1) Having comments/questions made before the business meeting begins will give guests an opportunity to present concerns before discussion. Our Board is very transparent, now having resolutions read two times. Comments can normally be given before the second reading; 2) The issue of

our outdated phone system will be referred to the General Manager; 3) Because someone doesn't agree doesn't mean the opinions are not valid; for example the realtor, who is an expert in real estate stated it affects all properties. The Board is composed of people who have expertise in several areas, including the law. We do not have a written opinion.

(C) An owner read the seven questions she had previously submitted to the Board and on "Frippnotes." They referenced paying the bills, the \$40,000 shortfall, anticipated additional expenses, asking how all island residents and nonresidents will be directly affected, filing fees, removal of the cap on the Roads and Bridge Fund, control of property owners with regard to decisions to spend money on the OCRM setback issue, and a possible increased assessment.

(A) It was noted that a spreadsheet re: OCRM financial accounts was available at the following website: www.fipoa.org/ocrm.pdf. It was felt that this should answer all those questions. It was also noted that Frippnotes is not recognized by the Board as a communication tool.

(C) An owner noted that OCRM's experts said that revetments are not the best way to save beaches and that all OCRM's opinions are posted on their site to read. He had concerns that the Board had misrepresented the setback issue. He wished to reserve his two allotted minutes for a later discussion.

(A) A Board member noted that during the most recent Long Range Planning Survey, the number one concern was the state of our beach. The beach is ours to walk on, to ride bikes on, etc. Another Board member noted that the revetments in front of personal property are the responsibility of those owners to maintain, not the POA.

(C) The owner subsequently asked for the names of those Board members, their spouses, in trust, etc. who had affected properties and whether there might be a potential for conflict of interest and diversion of Fripp Island resources. He questioned why owners were broken down into two groups; those who were requested to voluntarily contribute \$500 and those who were asked to contribute \$100.

(A) It was noted that only two out of ten Board members own affected beachfront properties; however, the Board involved in the decision in 2009 believed that all owners were affected. In addition, OCRM insisted that only those beachfront owners who would be directly affected by the new setback lines could appeal their decision. It was noted the POA is responsible for many areas on Fripp, including all beach crossovers; therefore all POA members are affected.

(Q) An owner asked how the Board wished owners to communicate with them; at the meeting, in public, or to individual Board members?

(A) It was noted that the POA Directors work together as a Board and as a unit. It is unfair to seek an opinion from one member without the input of all other Board members.

(C) An owner noted that the Bylaws contain directives on removal of a Board member if so desired. In addition, he recommended that interested owners can always choose to participate by becoming involved with POA activities and to run for the Board. He also noted that participation in Board meetings by owners is supposed to be limited. Attending a Board meeting does not confer the right to participate in the discussion at that time.

(C) An owner expressed concerns with the inability for comment if the first reading is waived. He requested that a Board member who is also on the Turtle Patrol recuse herself from the vote on Resolution 553. He also expressed appreciation to the work done by Kate Hines and others on S.1051.

(A) It was noted that the Bylaws do not refer to first and second readings; it is a Board policy. It was noted that guests were free to ask questions throughout last month's meeting, but this is now changed. Mrs. McCormick noted she would recuse herself from voting on Resolution 553.

(C) An owner thanked the Board for their efforts and noted the Bylaws limit their powers and duties.

5) Matters Deferred to this Meeting: Resolution 553 – Grant John Fripp Villas Phase III Exemption from Beach Regulations

Proposed Resolution: That the Fripp Island Property Owners Association Board exempt the owners of John Fripp Villas Phase III from following the FIPOA Beach regulations in front of the wind fence at the villas.

Discussion: The Board referred this to the Beach Tent Committee after the first reading and it is being presented for second reading today. The Beach Tent Committee met on June 29th and reviewed this issue. It is their recommendation that the Board deny this exemption and that exemptions should not be made mid-season. They felt that there have been problems; however, the condition of the beach is better. The beach regulations will be reviewed at the end of the season.

Motion: A motion was made and seconded that the request for an exemption from FIPOA beach regulations from CJFV Phase III be denied. Motion approved.

Comment: A Board member on the telephone noted that he was hearing repeated beeps and questioned whether anybody in the audience or on the phone was tape recording the meeting. There was no acknowledgement from those members present or on the phone.

6) General Manager's Report

MISC: The 4th of July fireworks, for which the FIPOA pays half of the \$5000 bill, were magnificent. New owner decals are now being issued. They are silver with a navy border and are good until May 2012. Security is scraping off the ones with maroon borders as you come thru the gate. If you arrive after the POA office is closed, you will be given a paper pass that will be valid until the POA office reopens. The option to apply online for your vehicle decals is available.

ARB/Property Enhancement: ARB permits issued in June: 1 tree removal, 3 maintenance & repair, 1 roof, 4 additions, 8 paint. 290 reminder letters have been sent to owners of mailboxes that need repairs.

Beach Issues: Our attorney has advised that it would require a request from a public official in order to get an opinion from the SC Attorney General.

At the June 29th Beach Tent Committee meeting, after its decision regarding the Captain John Fripp Phase III Villas request, the committee reviewed requests for exemptions from the beach regulations from Ed Smith regarding his catamaran and Tom Gregor regarding his sunfish. A motion was made and approved to recommend to the Board to leave the Beach Regulations intact for the rest of the season.

A Beach Sweep with 36 participants was held on June 3rd and was very successful. Another sweep is planned for Tuesday, August 3rd, meeting once again in front of the Food Court at 8:30AM.

The Security beach patrol is picking up roughly between two - five articles daily.

There has been no further word from DNR regarding the gulf spill and what effect it may end up having here. You can go to the SCDHEC website to see what plans the state has regarding the gulf oil spill information for South Carolina: <http://www.scdhec.gov/environment/gulf-oil-spill/index.htm>

Crossovers: Repairs have been made to Crossover #1.

Financial:

- Assessment Collections: There are still six properties not fully paid for 2009, which have liens filed against them. We have received 98% of 2010 assessments to date. 46 owners still have not paid assessments for 2010, 13 new liens have been filed with \$500 penalties applied to those accounts.
- General Fund: \$1,641,600; Reserve Fund - \$1,003,300; Road & Bridge Fund - \$555,000 including investments adjusted for market value; Deposits for Right of Entry \$180,000, ARB Bond Deposits - \$108,000. The POA has paid the PSD \$659,366.58 for the Inlet Bridge bearing replacement project, which is now complete.
- Accounts receivable for 2010 including unpaid assessments are \$56,017. We are at 92% of budget for revenue and 88% of expense, but we need to factor in the added expenses of the OCRM appeal and the Inlet Bridge work, neither of which was included in the budget.
- There were three property transfers in June.

Grounds: The Committee met July 8th and reviewed the bids for the common area maintenance contract. They also discussed the positive comments they have been receiving about how pretty the POA areas of the island look. They would like to point out that the area around the Beach Club is not FIPOA property.

Roads & Drainage: Gravel road scraping was completed by REA the week of June 21st. Russell Bishop will be here to paint lines the 3rd week of July. There is room in the POA right-of-way to extend the bike path on Bonito Road on the marsh side of the street. Letters have been written to all owners along that side to inform them that we are looking into the possibility. Costs, possible drainage issues, and permitting requirements all need to be examined before moving this into the "will do" category.

Security: The committee met on June 16th and a guest attended the meeting to ask that stop signs be placed on Tarpon Blvd. at Rock Beauty and at Silverside for safety purposes. After discussion, the committee directed Chief Binkowski to monitor the area and report back at their next meeting.

There were almost 20,000 more cars coming onto the island this past June than in 2009. Dispatch received a total of 8,700 requests for car passes last month, 3,100 of which came via email. These numbers reflect many visitors and guests. Most have been well behaved, but we have had an issue with illegal fireworks. We have also had many illegally parked golf carts, but the security officers have been proactive in getting things corrected and carts moved to legal spaces quickly.

PSD: No meeting until Tuesday, July 13th. Water rates remain the same for FY 2011. Conservation efforts are working.

The tax levy on homes this year will go up by \$4.00 for residents and \$6.00 for non-residents on a \$500,000 home.

Club Advisory Board: Met June 21st. The restaurants are moving to Aloha terminals instead of Verifone, which should speed up processing multiple credit card tickets. There are 39 new members, 24 from the membership drive, which ended in May. Doug Wardle commented that the Club is stable and not feeling as much pain that many other private clubs are feeling.

i) Resolution 554: Approve a Contract for Common Area Maintenance

Proposed Resolution: That the Board of Directors approves entering into a two-year contract for Common Area maintenance with Earthworx.

Discussion: The contract for Common Area maintenance was up on June 30th. Bid packages were mailed to seven qualified prospective companies. Four companies met with the General Manager to go over what would be required. The top three bids are submitted to the Board to choose from. The Grounds Committee met to review the bids and unanimously recommended Earthworx. The General Manager also recommended remaining with Earthworx. It was noted that we are behind schedule in granting this contract and recommended that this resolution be voted on in one reading.

Motion: A motion was made and seconded to vote on this resolution today. Motion approved.

Final Action: Motion made and seconded that the Board of Directors approves entering into a two-year contract for Common Area maintenance with Earthworx. Motion approved.

ii) Resolution 555: Kate Hines: Unbeknownst to Kate Hines, Mrs. McCormick presented Resolution 555 to Kate Hines in recognition of her outstanding leadership and commitment in her efforts in the passage of Senate Bill 1051 in the South Carolina Legislature. This resolution was signed by current Board members as well as Buck Mathews and Rita Merrill of the 2009-2010 Board. Mrs. Hines received a standing ovation and a warm round of applause.

iii) Discussion of S.1051 Outcome: A financial reconciliation spreadsheet was handed out to Directors and guests so that all could see the expenditures, income and shortfall associated with the setback appeal process. This report will also be available online next week.

There was discussion regarding the best way to resolve the shortfall, which included sending another letter (at an estimated cost of \$950); sending an e-blast or making personal phone calls to all owners and again requesting a final voluntary contribution; and educating owners as to what has been done with a financial appeal. It was also noted that it is time to move forward and stop looking back. The appeal is over, we won, and all property owners on Fripp will reap the benefits.

Motion: A motion was made and seconded to direct the General Manager to send an e-blast containing the appeal action, results and spreadsheet, and request a voluntary contribution one last time. Motion approved.

7) COMMITTEE/OTHER REPORTS:

Finance Committee: Bob Davidson reported that the Finance Committee had met earlier in the week to discuss the proposed change in the Bylaws. The committee, as a result, recommends that Resolution 534 (To Amend the Bylaws to Change Language Regarding Basic Assessment Limitation; Add Annual \$100 Road and Bridge Assessment without Accumulation Limitation) be rescinded and returned to the Finance Committee for further study.

Motion: A motion was made and seconded to vote on this resolution today. Motion approved.

Final Action: A motion was made and seconded to rescind Resolution 534 and refer back to the Finance Committee for further study. Motion approved.

The Finance Committee has also discussed opportunities to move money in our Bank of America account to an account that provides more service at less cost. We currently incur excessive charges to make deposits into our BOA account. Palmetto State Bank, a local bank, will be happy to accept our deposits without charges. The committee is recommending that we move our account from BOA to PSB immediately.

Motion: Motion made and seconded to vote on this recommendation today. Motion approved.

Final Action: Motion made and seconded to approve moving funds from our BOA account to Palmetto State Bank immediately. Motion approved.

Mrs. McCormick noted that she and Mr. Morrison are working on changes to the meeting structure, to include a consent agenda and changes to the first and second reading status.

8) Statement of Matters Deferred to August Meeting: None.

9) Vote to go into Executive Session to Discuss a Personnel Issue

10) Recess

11) Reconvene in Executive Session: The regular meeting was reconvened at 11:20AM.

12) Reconvene Regular Meeting: Announce Action Taken in Executive Session

A review of the involvement/hours of the General Manager on the passage of SB 1051 was recognized and the Board of Directors took an action to provide the General Manager five (5) additional personal leave days in 2010 in recognition of the personal time expended.

13) Next Meeting: The next meeting will be held Saturday, August 14, at 9:00AM in the POA Boardroom.

14) Adjourn: The general meeting was adjourned at 10:35AM; Executive Session was adjourned at 11:30AM.

Respectfully submitted,

David Case, 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.

** To participate in Board meetings by teleconference, owners may call 1-800-444-281; then 5763474.