

MINUTES
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION BOARD MEETING
May 12, 2007

PRESENT: Messrs. Hummer, Buschur, Young, Mathews, Davis, Hunter, Newby, and Gannon; Mrs. Cantley
ABSENT: Mr. Davidson

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 March 10, 2007 and April 14, 2007: The minutes of the March 10, 2007 Board meeting and the April 14, 2007 Annual meeting were approved as presented.

3) Discussion of Matters Deferred to this Meeting: None.

4) Announce Action Taken in Executive Session on March 30, 2007: A motion was made and approved that the Board withdraws the objection to the Tower Lots subdivision and will not insist on the application of the 1961 Covenants in this instance. In doing so, it is the expectation of the Board of Directors that Fripp Island Resort and Bill Wardle will follow the plans for limited development of the 16th green of Ocean Creek as described on March 30, 2007.

5) Report from General Manager Kate Hines:

i. Resolution 425: Action Without a Meeting, March 14, 2007

Proposed Resolution: That the Fripp Island Board of Directors approves payment of federal income taxes in the amount of \$28,680.

Discussion: Our auditor met with the Finance Committee to go over allocations of expense against non-member income. Prior Boards had set a policy of essentially zeroing out the income by expense. The auditor has looked more closely at that policy and suggested that our percentages of expense to be allocated needed to be re-examined. Following this, we have determined that the FIPOA will be required to pay federal income tax of \$28,680 for 2006. This was not budgeted for. We found that we had earned more interest income than was unanticipated and commercial use fee collections increased.

Motion: Motion approved.

ii. Resolution 424a: To Amend the Number of the Long Range Planning Committee Members

Proposed Resolution: That the Board of Directors appoints the following member to the non-standing Long Range Planning Committee: Bruce Carroll.

Motion: Motion approved.

iii. Resolution 426: To Extend Contract for Grounds Maintenance

Discussion: Prior to presenting the resolution, Mrs. Hines presented some background information. The contract in question includes maintenance of all POA rights of way and parks, mowing, sweeping, trade out twice a year of annuals in key plant beds, palm trimming, and debris collection. It does not include any design or new beautification projects. Two years ago, RFPs were sent to five landscape contractors; only one bothered to bid and the quote was double that of Earthworx. There have been recent comments made about the front entry. A design implemented three years ago was gorgeous but impractical and too costly to maintain. If adopted, the resolution will lock in the 2006 contract price until June 2009. The contract is for \$267,400 for 24 months.

Proposed Resolution: That the Fripp Island Property Owners Association extends the existing grounds maintenance contract for 24 months.

Motion: Motion approved.

iv. Resolution 427: To Increase Contribution for July 4th Fireworks

Proposed Resolution: That the Fripp Island Property Owners Association Board approves an additional expense of \$500 for the 2007 4th of July fireworks program.

Discussion: As one of the vacant lots usually used for the fireworks is now being developed, it is unclear whether the fireworks will actually take place this year. We are awaiting word from Fire Chief Horton. The total price is \$10,000 of which the POA pays half.

Motion: Motion approved.

Miscellaneous: We've done our best to keep every owner informed of the traffic and water situation resulting from the McTeer Bridge shutdown. We've received many, many kudos from those who receive the emails. If you haven't given us your email address and you want to get this kind of information, please let us know.

All owners whose email addresses are on file in the POA office have been kept informed of the traffic and water situation resulting from the McTeer Bridge shutdown. We appreciated the many kudos from those of you who have received those emails. If you would like to get this kind of information, please send us your email address.

--Issues of the 12-page May Trawler were mailed from the publisher May 6th. Everybody's name was fumbled due to a spreadsheet error. The deadline for articles for the July Trawler is May 30th.

--The run off election for state senator is May 15th. Don't forget to vote.

Financial: General Fund; \$1,260,700; Cash reserves of \$2,100,000; Deposits for Right of Entry \$85,000; Accounts receivable \$35,000.

--We are at 86% of budget for revenue and 26% of expense. We have collected 98% of 2007 assessments.

--There were 15 property transfers in March and April.

--The Finance Committee is in the process of receiving proposals from investment firms. The committee will review them, interview potential candidate firms, and then make a recommendation to the Board regarding the creation and implementation of an investment policy for the FIPOA.

--Insurance: Our health insurance costs have increased 26% and we budgeted 8%. The package policy, D&O policy, general liability, umbrella, and automobile policies have all come in roughly 5% less than budgeted which should offset the health insurance increase.

Appeals: Eight appeals were heard; two fines were reduced, and the rest stood.

Security: The last Security Committee meeting was March 21st. Survey postcards are now sent to every person who receives every 10th incident report. We have received 69 cards back (23%) and the lowest score was "very good".

--The last of the super powered sedans is gone. We currently have the truck, the Blazer, the golf cart, the moped, and the new Ford Escape.

--Two new officers have been hired to replace two officers who have moved on. Lt. Tim Miller is moving back to Ohio. Chief Binkowski has promoted Mike Senecal, featured in the current Trawler, to Lieutenant effective May 15.

--Security is now patrolling on the beach frequently and enforcing the dog debris and leash laws.

Roads & Drainage: The McTeer Bridge damage has effectively stopped any road scraping work we were trying to finish. Our regular contractor, REA, has stated that they will not come back to Fripp until the McTeer Bridge is fixed. We are hoping that Southeastern Asphalt, who resurfaced Whitetail Court and made some minor asphalt patches for us in April, will be willing to brave the traffic – if their price is right. Their representative will be here next week to give us an estimate on grading.

--The new catch basin on south Tarpon is in and working well.

--Wilbur Smith has almost completed plans for the Tarpon widening project. The committee met on April 26th to review plans. A few modifications will be made before the project is put out for bid.

Crossovers: The crossovers are all in good shape after Atlantic Marine completed refurbishment.

--The FIPOA has purchased three more doggi-pot stations and two new trash containers. The Board has agreed to place one on Crossover #2 on Marlin Drive. We are still open to suggestions for placement of the others. An owner suggested one be placed between the tennis courts and Bonito Road.

--With hurricane season fast approaching, we can expect the normal summer wave activity. The waves really take a toll on the crossovers located on Tarpon Blvd. Please report any damage to a crossover to Assistant GM Tina Reeves or to Security.

Club Advisory Board: From the minutes of the April meeting:

- The Swipe Card system has had some glitches. Cards should be kept away from cell phones as they will erase and deactivate the magnetic strip.
- The credit card system is not functioning properly – it freezes when too many people try to pay by credit card at the same time. The Club has an end-around temporary solution and is looking at replacing the entire system.
- The food court at the Beach Club is not open.
- There have been issues with the Fitness Center equipment and missing towels. Please call 838-1515 if you see a problem.
- Russell Keane is the new Food & Beverage director

PSD: Voluntary water restrictions are now in place. Even numbered homes may water on Wednesdays, Fridays and Sundays; odd numbered homes may water on Tuesdays, Thursdays and Saturdays. No watering at all is allowed on Mondays. These restrictions will continue until further notice.

- Rep. Catherine Ceips is still assisting in efforts to have the SCDOT take ownership of the Inlet Bridge.
- There are some minor repairs needed on the Inlet Bridge that will be taken care of after the summer.
- The main line of the vacuum sewer system is installed on Bonito Road only; laterals will be installed after the busy season.
- Temporary rock fill needs to be added to cuts on Tarpon and Bonito. As REA has decided not to come to Fripp until the bridge situation is resolved, it was suggested that Ernie contact Southeastern Asphalt. It was also suggested that Jimmy Yeager or Roger Wilson might be contacted to bring rock in. If so, Taylor Construction will have to decide how to put it down.

6) Committee/Other Reports: None.

7) Remarks from President Hummer: In response to an email dated May 6, 2007 co-written by two Fripp residents concerning the development of the Tower Lots, President Hummer read a letter he sent in response to the issues expressed in the email. The letter stated that the FIPOA Board had met with representatives of Fripp Island Resort to see if a compromise could be reached regarding the Tower Lots, thereby avoiding costly litigation, and that such meeting clearly had followed FIPOA Bylaws procedures. In the meeting, Fripp Island Resort's presentation stated that of the two lots in question, a large house would be built on one lot, and construction of a house of 1700-2000 sq. ft. would take place on the other. At the end of this meeting, the Board, after excusing FIR representatives and after having received a verbal assessment of possible litigation success from our attorney which was given verbally to Mrs. Hines prior to the meeting, unanimously voted to withdraw the objection to the Tower Lots subdivision and not insist on the application of the 1961 covenants in this instance. In so doing, it is the expectation of the Board of Directors that Fripp Island Resort and Bill Wardle will follow plans for limited development of the 16th green at Ocean Creek as described on March 30 2007.

President Hummer's letter further suggested that this whole matter be put in perspective. FIPOA's actions affirm the 1961 Covenants. In the Tower Lots issue, we simply listened to a reasoned, well thought-out presentation that would result in a small (250-300 sq. ft) deviation from the 1961 requirements. Thus, the whole debate is about a 250-300 sq. ft variance, not about the applicability of the 1961 covenants.

8) Comments and Questions from Members:

Apologies from the floor were made for any misunderstanding they may have been made in the May 6th email. A lengthy discussion then ensued regarding development of the Tower Lots, the Cottages on the Range, Out of Bounds, and the Preserve on Old House Creek at the front of the Island. Also discussed were the 1961 Covenants' reference to minimum square footage and apparent conflict with the 1974 Declaration, ARB and DRT requirements, results of Steve Bauer/Keller Trust management, and the efforts the Wardle family has, and continues to put forth to protect the Island and its golf courses. Pros and cons were thoroughly discussed, and it was noted by one owner that the Board took all sides and issues into consideration and came to a good decision. It was then requested that the Board include additional stronger language when it forwards the March 30th Resolution to the DRT. President Hummer polled each individual Director and there was consensus to send the resolution as is.

7) Statement of Matters Deferred to Next Meeting: None.

8) Next Meeting: The next meeting is scheduled for Saturday, June 9 at 9:00 am in the FIPOA Conference Room. Prior to adjournment and in appreciation for their past years of service, presentations were given to Buck Mathews, Tom Hunter, and Bob Young.

9) Vote to go into Executive Session to Elect Officers

10) Recess

11) Reconvene in Executive Session

12) Reconvene Regular Meeting; Announce Action taken in Executive Session:

The following FIPOA officers for 2007 – 2008 were announced:

President: Paul Hummer

Vice-President: Buck Mathews

Secretary: Mary Cantley

Treasurer: Bill Buschur

13) Adjourn: The general meeting was recessed at 9:30am; Executive Session was adjourned at 10:00am.

Respectfully submitted,

Buck Mathews
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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