

MINUTES
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION BOARD MEETING
May 17, 2008

PRESENT: Messrs. Hummer, Mathews, Buschur, Davis, Gannon, & Newby; Mrs. Cantley, McCormick and Merrill; Mr. Davidson by phone

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

2) Approval of March 8, 2008 Meeting Minutes: The minutes were approved as presented.

3) Approval of April 12, 2008 Annual Meeting Minutes: The minutes were approved as presented.

4) GENERAL MANAGER'S REPORT

Letter from Attorney: Mrs. Hines noted there is a letter from FIPOA's attorney Jack Qualey included in the Directors' packet clarifying Board liability. When members appear at public meetings to advocate their personal positions on a subject, they need to be clear that they do not speak on behalf of the FIPOA Board.

POA Decals: The 2008-2010 Property Owner decals are now available. They are gray with a maroon border. Security won't start scraping decals until June 15th, so there is plenty of time to get new ones ahead of time. Please comply!! We anticipate a 10-day turnaround from the time a request is received to the actual mailing of the new decals. The link is <http://www.fipoa.org/decal3.html>

Financial: 96.7% of 2008 Assessments have been received. 60 late notices were mailed on May 1st.

General Fund: \$1,087,000; Cash reserves of \$2,461,000; Deposits for Right of Entry \$162,000
Accounts receivable including assessment collections \$71,300. We are at 79% of budget for revenue and 19% of expense.

There were two property transfers in the month of March and five in April.

Grounds/Environmental: The Grounds Committee met last week and walked the front of the Island. They suggested placement for the vinca and replacement of plants that should hide the traffic counter. The committee also chose new plants to go in the teardrop island where the flagpole is and ways to fill in at the River Club wall.

We've had a really tough time finding mulch in the bulk amounts that we need to stay within budget, but it is now here and being distributed. Earthworx is going to lay drip irrigation along the River Club Wall to properly reach the plants at the back.

Crossovers: The crossover at Ocean Point received \$5,900 worth of repairs and is now opened again. Crossover #29, which was closed because it had lost an entire side rail, is now re-opened as well. Minor repairs such as cap rails, decking and steps have been made to crossovers 1, 3, 6, 13, 16, 17, 20, 22, 27, 30, 30, and 31. The structure was removed from #2 as it was not needed and we've gone back to a natural path.

Discussion: **1)** The POA is responsible for trimming along the crossover walkways. **2)** It was noted that golf carts could still maneuver over #2 to the beach. This is a concern as it is now turtle nesting season. Referred to Assistant General Manager Tina Reeves.

Security:

- The committee met April 23rd. Committee Chair Jim Parks awarded a letter of commendation to Officer Gary Ringling for his devotion to the people of Fripp.
- The Security and Fire Chiefs met with Kiel of the Resort and the fireworks company to see if the driving range at Ocean Creek would be a safe place to launch this year's July 4th fireworks. A house has been built at the location we have used previously. Both chiefs have approved that location.
- We have made headway with the Resort regarding the 911 hang-up calls coming from 1 Tarpon Blvd. Their technicians have been able to track the location as long as the call is received between 8 am and 5 pm daily.
- Chief Binkowski spent last week at a hurricane planning retreat in Florida.

Roads & Drainage: REA Contracting is on island and in process of grading and rolling the gravel roads that needed attention. Crooked Creek Lane has been relocated and the relocated portion will be resurfaced in two weeks. Trees will be placed in the new inner circle.

The Tarpon project is about 90% complete. The grading work is nearly complete with the exception of the area above the new curb which will be sodded and reseeded. Hydroseed will be reapplied as well. Striping should be done next week. We have asked the contractor to correct the problems that caused ponding where the new curbing was installed. A letter has been sent to the engineer regarding errors in design. Marlin Drive, which was resurfaced last month, has been striped.

PSD:

- The proposed FY 2009 budget was reviewed. With the POA paying insurance for the Inlet Bridge again, as the POA Finance Committee has agreed to, they will stay within the maximum millage rate allowed. There will be no water or sewer rate increase.
- The Commission has negotiated an early pay off of the Fire Station bond to save \$23,000 for Fripp taxpayers.
- The WWT Plant is now a model for other communities. There was an industry workshop in Charleston where it was featured, and now Isle of Palms is coming to see how it works.
- The Commission voted to purchase the Jet Ski that it had been allowed to use, as the program had been discontinued.
- Hussey Gay Bell (HGB) has inspected the bearing plates on the Inlet Bridge. We await the final report.

Club Advisory Board:

- Dress code signs are up and are occasionally being followed
- They are still trying to move the Fitness Center, but they are now facing Beaufort County code issues.
- The swipe system is scheduled to be completed in the fall.
- Ocean Point Pool hours have been changed. It's now open at 9 am for early swimmers.
- Food Court is open seven days a week from 8 am to 10 pm.

Covenants: A Board member noted the cover article in the new May Trawler issue and questioned whether our marketing consultant has done anything else for us. Per resolution, he'll do what the Board asks, up to \$1,200. Kate will arrange another meeting with him to get new ideas as we continue to keep our owners aware of the necessity of approving the proposed covenants in 2009. The use of blast emails to owners was also discussed, but it was determined to wait.

i.) Resolution 467: For the Board of Directors to Give its Advice and Consent to the Creation of the Non-Standing Parking Committee

Proposed Resolution: That the Board of Directors appoints the following Members to the Non-Standing Parking committee: Member Appointments: Micki McCormick, Chair, Rita Merrill, Fred Kuhn, Jim Wolbrink, Lulu Zambataro. Ex-officio Appointment: General Manager.

Discussion: The purpose of this committee is to determine the feasibility of creating a parking policy that would bring parity to all roads and reserve spaces.

Motion: Motion made to approve the proposed resolution. Motion approved.

ii.) Resolution 468: Update Personnel Policy Manual

Proposed Resolution: That the Board of Directors approve the addition to the Personnel Policy Manual regarding submittal of timesheets and leave slips.

Discussion: It was noted that there has been an ongoing problem of disruption of the payroll process by employees who fail to submit timesheets and/or leave slips correctly and/or on time. The Human Resources Committee recommends changes to the FIPOA Personnel Policy Manual to resolve the problem. When this occurs, the first option is to wait until the next scheduled payroll for the paycheck to be processed. The second option is to have the POA process a separate payroll and the employee will incur all costs (approximately \$40) associated with processing the unscheduled paycheck.

Motion: Motion made to approve the proposed resolution. Motion approved.

5) Committee/Other Reports

Future Finance Committee: Chair Joe Gannon presented a report from the committee (including a rental fee outline). He noted the mission of the committee was to test revenue and/or cost reduction opportunities for future FIPOA financing. Replacement Reserve Study anticipates \$17.5m capital expenditures over the next 30 years. An analysis showed that 1) our significant current revenue sources are annual assessments, commercial user fees, 1% rental fee from FIR rentals and investment income; 2) our assessments are capped at CPI, while major expenses such as roads and bridges often exceed both estimates and inflation; 3) there is no reason to believe that commercial fees or FIR rentals will increase over time; and 4) we'll likely need new or enhanced revenue sources in the future to keep pace with our capital needs.

Several proposals were brought forward and considered by the committee. They are: 1) Increase current CPI only cap to a CPI plus x% cap, like many other communities (Bylaws change required); 2) Impose a special assessment tied to major capital improvements (Bylaws change required); 3) Impose a transfer fee on new purchasers of properties on Fripp (Covenants change required); 4) Impose a rental fee on non-FIR rental properties (no Bylaws or Covenants change required); 5) Transfer roads and other POA assets to FIPSD.

Committee recommendations are: 1) Pursue study to screen the benefits and burdens of transferring additional FIPOA assets to the FIPSD to reduce ongoing operating costs; 2) Request the Board to appoint a non-standing committee to fully work the Rental Fee proposal, with a proposed Spring 2009 implementation date; and 3) Defer those proposals that require a Bylaws or Covenants vote until the amended Declaration of Covenants have been voted and approved in Spring 2009.

Discussion: Comments included ways to collect rental fees, that the POA needs to find opportunities to create a flexible revenue base for the future, and that the Board has an obligation to be ahead of the curve. Representatives of the PSD noted they had not been approached about this plan, but there is precedent when the developer turned over the sewer system and when FIPOA turned over the Inlet Bridge to the PSD. However, the POA needs to consider that the PSD may not want the responsibility of the POA's assets (such as buildings and roads), yet allow the POA to still be in charge of their management. Other things to consider are the issue of governance and the tax rate of residents (4%) vs. non-residents (6%).

Resolution 466: To Approve Contract to Study the Feasibility of Transferring Property to FIPSD

Proposed Resolution: That the Fripp Island Property Owners Association enter into a contract with the law firm of Pope Zeigler, amount not to exceed \$1,500. Funds will come from the Project Expense line item of the 2008 budget.

Discussion: The Future Finance Committee proposes hiring the law firm of Pope Zeigler to study the possibility of benefits (expense reductions) that might be derived by transferring the FIPOA assets including buildings and roads to the FIPSD, along with the Security function. This refers to the real estate tax and personal property tax savings, the lower insurance rates, the borrowing rates, and the SC state purchasing savings that the PSD enjoys. The POA estimates that expenses could be lowered by \$70 to \$100k by moving the above assets and related services to the FIPSD. It was noted that the Pope Zeigler law firm has experience in this area and that Margaret Pope assisted the FIPSD for many years with successful lobbying efforts in the face of contrary legislation.

Motion: Motion made to approve the proposed resolution. Motion approved.

6) Discussion of Matters Deferred to this Meeting: Island in Fiddlers Trace Lake

Mr. Hummer noted that as requested, additional input had been received and presented from other owners around the lake on trimming vs. non-trimming of the island. In addition, Ms. Charlotte Hope of the DNR was in attendance. Mr. & Mrs. Richman, who prefer annual trimming of the Island were not in attendance; Mr. & Mrs. Ward, who prefer that trimming be halted, were present by teleconference.

Discussion centered on both points of view, review of a Google Earth map of the properties and a proposed compromise of trimming and non-trimming, that the POA should never get into trimming for individual owners, the island's previous and current nesting area, other islands on Fripp, leaving nature to take care of itself vs. being helped, and the POA attorney's legal opinion.

Ms. Hope stated the DNR is not involved in this type of jurisdiction; however, she did talk with Beaufort County about their regulations and presented a copy to the Board. County law states that tidal areas cannot be cut without a permit. We have unknowingly been trimming without their permission. Prior to the Board meeting, and following a thorough review of correspondence and history provided, the POA attorney suggested that the POA should adopt a "default setting" for open undeveloped (common) areas of "no

cutting.” If a policy like that is adopted, the Board can discuss situations like this island on a case-by-case basis if it is requested to do so.

MOTION: That the Board of Directors adopt “default setting” policy of no cutting on islands that the FIPOA owns.

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

8) Next Meeting: The next meeting is scheduled for Saturday, June 14 at 9:00 am in the FIPOA Boardroom. Prior to adjournment, Mr. Hummer expressed his appreciation to the Directors and staff for their support during his presidency and welcomed the incoming Directors of the Class of 2011. In appreciation for their past years of service, framed prints were presented to Paul Hummer, Bill Buschur, Mary Cantley, and Charlie Davis.

9) Motion and Vote to go into Executive Session

10) Adjourn: The general meeting was adjourned at 10:50 am.

11) Recess

12) Reconvene in Executive Session

13) Reconvene Regular Meeting; Announce Action taken in Executive Session

The following FIPOA officers for 2008 - 2009 were announced:

President: Buck Mathews
Vice-President: Bob Newby
Treasurer: Bob Davidson
Asst. Treasurer: Rita Merrill
Secretary: Joe Gannon

14) Adjourn: Executive Session adjourned at 11:10 am.

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.

** To participate in Board meetings by teleconference, owners may call 1-888-311-9051; then 56413#.