

MINUTES
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION BOARD MEETING
August 9, 2008

PRESENT: Messrs. Mathews, Newby, Gannon, Duncan, Hess, Morrison and Mrs. McCormick; Messrs. Davidson, Case and Mrs. Merrill by phone

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

2) Approval of June 14, 2008 Meeting Minutes: The minutes were approved as presented.

3) Deer Report from HSUS: Rick Naugle gave an update on the immunocontraceptive program on the Island. This program has been in effect for three years and the birth rate has continued to decrease. As of March 2008, 90% of females have been treated and controlled. Another successful program has been conducted on Fire Island NY since 1993. Additional information can be found by searching for "rick naugle" on the Internet.

4) GENERAL MANAGER'S REPORT: Kate Hines

i. Resolution 471: For the Board of Directors to Give its Advice and Consent to the Reappointment of a New Chair and Appointment of Committee Members to the Standing Security Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Standing Security Committee: Jim Parks - Chair, Jane Cuffe, Bob Hess, Micki McCormick, Charlie Richman, Stovall Walker, Dick Welhoelter; Ex-Officio appointments: General Manager, Security Chief, Fire Chief, Fripp Company Representative.

ii. Resolution 472: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Appointment of Committee Members to the Standing Finance Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Standing Finance Committee: Bob Davidson - Treasurer/Chair, Rita Merrill – Asst. Treasurer/Vice Chair, Jim Duncan, Joe Gannon, Rick Raible; Ex-Officio appointment, General Manager.

iii. Resolution 473: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Committee Members to the Non-Standing Appeals Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Non-Standing Appeals Committee: Joe Gannon - Chair, Bonnie Combs – Vice Chair, Jim Gadomski, Steven Martinez, Alice Parks, and Dorothy Steele; Ex-Officio appointments: Assistant General Manager and ARB representative.

iv. Resolution 474: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and a Committee Member to the Standing Bridges Committee

Proposed Resolution: That the Board of Directors reappoints the following members to the Standing Bridges Committee: Member reappointment, Tom Gioiosa Chair; Ex-Officio appointment, General Manager.

v. Resolution 475: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Appointment of 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, Bob Hess, Mary Frances Thomas, and Karen Wolbrink; Ex-Officio appointment, General Manager.

vi. Resolution 476: For the Board of Directors to Give its Advice and Consent to the Appointment of a Chair and Appointment of Committee Members to the Standing Human Resources Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Standing Human Resources Committee: David Case - Chair, Rita Merrill, Ellisa Midden-Garrett, Jeanine Taylor, and Sharon Zwain; Ex-Officio appointment, Assistant General Manager.

vii. Resolution 477: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Committee Members to the Non-Standing Long Range Planning Committee

Proposed Resolution: That the Board of Directors reappoints the following members to the Non-Standing Long Range Planning Committee: Buck Mathews – Chair, Bruce Carroll, John Derrick, Jim Duncan, Dan McCormick, Diane McGarry; Ex-Officio Appointment – General Manager.

viii. Resolution 478: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Committee Members to the Standing Roads & Drainage Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Standing Roads & Drainage Committee: Bob Newby – Chair, Don Aldrich, Tom Gioiosa, Tom Hunter, Ray Lewis, and Dick Morrison; Ex-Officio Appointment, General Manager.

ix. Resolution 479: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Committee Members to the Non-Standing Covenants Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Non-Standing Covenants Committee: T Thomas – Chair, Ed Barnhart, Budd Catlin; Ex-Officio appointment: General Manager.

x. Resolution 480: For the Board of Directors to Give its Advice and Consent to the Appointment of a New Chair and Committee Members to the Non-Standing Future Finance Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Non-Standing Future Finance Committee: Joe Gannon - Chair, Bob Davidson, Buck Mathews, Charles Patty, Al Santoni, Teresa Sherrouse; Ex-Officio appointment: General Manager.

xi. Resolution 481: For the Board of Directors to Give its Advice and Consent to the Reappointment of a Chair and Committee Members to the Non-Standing Parking Committee

Proposed Resolution: That the Board of Directors appoints the following members to the Non-Standing Off-Island Affairs Committee: Micki McCormick - Chair, Rita Merrill, Fred Kuhn, Jim Wolbrink, and Lulu Zambataro; Ex-Officio appointments: General Manager, Chief of Security.

Motion: The option of individual motions or a blanket motion to approve the resolutions was suggested. A blanket motion for Resolutions 471 thru 481 was approved.

xii. Resolution 482: For the Board of Directors to Give its Advice and Consent to Purchase and Install Sculpture at the Front Entry to the Island

The Grounds Committee recommends purchase of a brass sculpture of three dolphins to be placed at the Island's front entry to add to the beautification of the Island for the enjoyment of the property owners. Costs including installation lighting and taxes would not exceed \$4,100 and would come from the 2008 Beautification budget.

Proposed Resolution: That the Board of Directors approves purchase of a sculpture for the front entry to the Island.

Discussion: It was noted the sculpture would be in the front entry teardrop and high enough so that the Fripp sign would still be visible. A concern was expressed that this might not be the best time to invest this kind of money in a sculpture; however, the money is in the budget and new plantings continue to be eaten by deer. Some felt that the Fripp Ship better personified Fripp; however, a custom design would be much more expensive and the ship logo is owned by the Resort. The dolphin sculpture is already cast and is quite a bargain.

MOTION APPROVED. Mrs. McCormick to discuss with artist, John Adams.

Resolution 469 for Action without a Meeting to adopt a policy regarding commercial activity on Fripp Beaches was approved. The policy states:

1. Definition: "BEACH" shall mean that area lying between the mean low water mark of the Atlantic Ocean and the seaward property lines of oceanfront properties from Fripp Inlet to Skull Inlet.
2. No person or company shall sell or offer any goods, merchandise, or services (or solicit any trade or business) on the BEACH, with the exception of any commercial operations which: (a) preserve or enhance the ecology of the BEACH; or (b) preserve shoreline revetments.

3. It is expected that the Fripp Island Resort will conduct commercial activities, if any, within its property lines and not on the BEACH.

The “**Just Say Yes**” covenants campaign is under way. Board members have received an update from David Warren who will be here next week to interview property owners who have agreed to give testimonials. We need EVERYONE to vote. If an owner does not vote, it is equivalent to a vote against because we need a majority of the owners of lots substantially affected by such change in covenants. A copy of the update of the Covenant Changes Campaign Plan from Mr. Warren was distributed to Board members.

Discussion: There were concerns expressed that the “Just Say Yes” banner in *The Trawler* wasn’t noticeable. Suggestions were that a phone bank was absolutely necessary; do a takeoff on Letterman’s “Top 10”; reach out to non-residents who may be apathetic; have Bob Hess, Jim Duncan and Micki McCormick meet with Kate Hines and then coordinate a meeting with David Warren and the Board; David doesn’t know what people are saying and hearing; something in *The Trawler* similar to Bob Davidson’s recent article on “Where Does Your Money Go?”; make it easy to read and understandable; send out a sample ballot with assessments so owners will know what’s coming in January. Concerns expressed with how the administrative staff will handle the ARB if the covenants vote passes. Plans are being discussed but will have to wait until the vote is approved for a formal plan. Some questions heard have been “What will it do to my assessment?” and “How is it going to help me?” It is imperative that we stress the benefit of the FIPOA taking over the ARB. It was suggested that a transition team be organized in the fall. Requested financial information has not been forthcoming from the Resort.

ACTION: Formal letter to be sent to Stuart Mitchell on behalf of the Board. Buck Mathews will personally phone Mr. Mitchell.

We still need someone to run the Keep America Beautiful’s Adopt-A-Highway program. PLEASE contact Kate Hines if you have any interest. We don’t want to be shown up by Dataw and it does require a hands-on team leader for the quarterly pickup.

We have had reports of trashcans being left at curbside. The ARB has asked for our help in reminding owners that trashcans must remain behind the screen enclosure. Please help pass the word!

The permit request to perform beach nourishment at Hunting Island has been amended. The request changes the overall scope to reduce the volume of sand from 400,000 to 300,000 cubic yards to be accomplished in several smaller scale projects and to enlarge the borrow area from approximately 8 acres to approximately 30 acres and limit the depth of excavation to no more than 3 feet. This is a change in how the original permit was requested. Language concerning the monitoring of the Inlet Bridge will be included in the final permit.

Financial:

- 99.78% of 2008 Assessments have been received. Four liens were filed, two have been released. There was one foreclosure.
- General Fund: \$676,000; Cash reserves of \$2,203,000; Deposits for Right of Entry \$168,000 Accounts receivable including assessment collections \$10,100. We are at 86% of budget for revenue and 53% of expense.
- There were 4 property transfers in the month of June and 4 in July.
- In the budget vs. actual sheet, you’ll notice that in the Insurance budget figure has been reduced by \$45,000. We have moved that into the Bridge budget per discussion with the Treasurer and the Auditor.

Treasurer Bob Davidson commented on our investment program: Sound and prudent investing is a long-term process. The Jentner Corporation has been managing the portfolio for nearly nine months which, when viewed from a short-term perspective, almost exactly coincides with the bear market that began last fall. The Jentner strategy is not to “market time”, which has generally been a failed strategy. Rather the approach is to buy and hold a properly diversified portfolio for the long-term, recognizing that the trade-off will be that some of the upside is typically forfeited in exchange for a protected downside.

While the current value decline may be disappointing, results to date support the broad asset allocation approach. The Standard & Poor’s 500 index (which has no expenses) is a recognized proxy for the market.

Through June 30, 2008, it declined 15.8% since the FIPOA's date of inception. During that same period, the FIPOA portfolio's decline, with all expenses netted, is 9.68%. Of the nine asset classes represented in the portfolio, only three underperformed the S&P when considering internal expenses. None performed more than about 1 1/2% worse.

Draft copies of the Philips & Jordan Reserve Study were distributed to Board members. It was noted the Roads Committee has been very involved with this process. Comments are due back to Mrs. Hines by August 20.

Crossovers: Everything is in order, no problems have been reported.

Grounds: The Grounds Committee met on July 10th. They reviewed sculptor options then decided to make the unanimous recommendation of the sculpture for the front of the Island that you've seen as Resolution #482. The committee also decided to send a letter to the Resort regarding concerns about the planting at the Tower Garden. The concerns include placement of plants, timeline to finish installation, color of mulch, and grounds around the burms.

The committee also discussed different forms of plant protection from deer and you'll notice the netting around the big azaleas at the front of the Island.

Lakes & Lagoons: We had a limited fish kill in Fiddler's Trace Lake in June. We also had to run all aerators 24/7 for about three weeks between June and July, so the good people who allow us to use their power will be reimbursed for the extra charges. There are two aerators that had to be removed for repair. Those should be back in place soon. We were able to treat Blue Heron Lake in late July, but Fiddler's is still too low to treat. The contractor, Estate Management, will be back in two weeks to check levels.

Parking: The committee met on June 16th, July 8th and August 5th. At its first meeting, the committee decided to tackle one task at a time. The first task is tackling parking issues at beach accesses. They have determined which areas have the worst problems (the beachfront streets), and have suggested and discussed the feasibility of at least eight ideas to correct problems. Next steps are to get more input from the Fire and Security Chiefs and propose changes to current parking on those same streets.

- Also discussed, identification of all golf carts that come on to the Island. Next up for discussion will be limitations on the number of cars allowed onto the Island. Nothing has yet been approved for recommendation to the Board; everything is still in the discussion stages.
- Effective 8/7/08, we are handing beach access maps and parking information out to guests as they come thru the gate.

Security: We had another incident of an alligator in the tidal pool, but this one was resolved within hours and the officers were able to capture the animal and had Critter Management take it off island.

- We are looking to recruit one officer for late night shift.
- The moped gave up the ghost just before July 4th. There will be a request for a new one in the 2009 Budget.
- Relatively speaking, things have been pretty quiet this summer. The signs about the \$200 penalty for driving without a license seem to be making a big difference! The committee did not meet in June or July, but will meet on August 20th.

Roads & Drainage: The Tarpon project is 98% complete. Two drop-inlets need to be lowered and some leveling of concrete curbing still needs to take place. The grass protecting the grates has been a problem, and the contractor has made several attempts to add seed and keep it watered. Our thanks to Coleman White for allowing us to use his water to get the sod to grow.

- REA Contracting should be here soon to make some miscellaneous asphalt repairs and at the same time, PSD's sewer contractor will have some trenches raised.

PSD: The filing deadline for four commissioners' positions in the November elections is 8/15 if you are interested.

- The commission received revised plans from Hussey Gay Bell (HGB) on the Inlet Bridge and they are under review by both the PSD Bridge & Erosion Committee and the POA Bridge Committee.

Club Advisory Board:

CAB met 6/16 and 7/21.

- Discussed the HVAC at the Bonito Boathouse. An engineer will look at fixing it this winter.
- Problems with amenity cards – owner rents house and is told there are four renters, so requests four cards. But six renters show up at the Club office. Then the owner must be tracked down to authorize. Each guest must have an amenity card unless accompanied by a Member. The Resort welcomes ideas and suggestions to improve the amenity card program
- Gloria Snead said that the Club tries to get all questions answered within a day. The survey is being tweaked before it goes out to the membership.
- The gates at the adult pool are broken because of vandalism.
- The Fitness Center should be moving in January
- Many have asked about when the 2009 7/4 parade will be since the 4th falls on a Saturday. It will still be on Saturday, but they will move the start time to 8:00 to allow for 10:00am check out.

Additional Comments: Buck Mathews noted that Board Members have been negligent in responding to Kate Hines via email or phone call when direction or input is needed. He reminded all to be proactive in reading emails and responding to requests within the requested time frame. This is necessary in order to keep the operation of the FIPOA moving at a regular pace.

5) Discussion of Matters Deferred to this Meeting: None

6) Comments and Questions from Members: None.

Statement of Matters Deferred to Next Meeting:

- Long Range Planning Committee Report

7) Next Meeting: The next meeting is scheduled for Saturday, September 20th, at 9:00 am in the FIPOA Boardroom.

8) Adjourn: The meeting was adjourned at 10:10 am.

Respectfully submitted,

Joe Gannon, 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#.