

MINUTES
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION
ANNUAL MEETING
April 11, 2009
9:00 am

PRESENT: Messrs. Mathews, Newby, Davidson, Duncan, Hess & Morrison; Mrs. McCormick; Mr. Case by phone

ABSENT: Mr. Gannon & Mrs. Merrill

GUESTS: Messrs. Crouse & DiSerafino

1. Call Meeting to Order and Comments: President Mathews welcomed owners and guests to the annual meeting of the Fripp Island Property Owners Association and called the meeting to order at 9:00 am. He spoke briefly about the recently adopted Long Range Plan and how it has affected all standing and non-standing POA committees. He also discussed the recent Covenants campaign and successful vote and expressed appreciation to the FI Resort for their support. He introduced the Board of Directors and Officers who were present: Vice President Bob Newby, Treasurer Bob Davidson, Jim Duncan, Bob Hess, Micki McCormick, Dick Morrison and David Case by phone. Incoming Directors introduced were John Crouse, Bob Davidson (re-elected) and Rick DiSerafino. Staff members General Manager Kate Hines, Assistant General Manager Tina Reeves, and Administrative Assistant Carol Young were also introduced.

2. Report from General Manager: Kate Hines welcomed everybody in the chapel and those who were attending by conference phone. A power point with the names of all Directors, committee members and volunteers accompanied her brief overview of the FIPOA's activities and accomplishments since last April.

Statistics: There are currently 2153 platted parcels on Fripp. 17% of our owners are full time residents and 83% are non-residents, a 2% increase in full-timers over last year. We have email addresses for over 1900 owners and co-owners. Please notify the POA office if you know someone who hasn't given us their email address or remind them to do so.

Volunteers: There are 76 volunteers currently working for the POA. A list of people who are interested in serving on committees is given to the committee Chairs each June. If you have not recently expressed an interest in any committees, please do so. You can sign up at the "volunteer" button on the POA website.

Long Range Planning: The Board adopted the report in October and it is available online for everyone to read. All POA committees have read the report, and the associated survey comments.

Appeals Committee: There were 10 requests for appeal of FIPOA citations between April 2008 and today. One was granted, one fine was reduced, and eight were denied. Three citations had to be written off because we were unable to get a quorum in the 60 days allotted per the guidelines.

Beach Committee: The newest committee has distributed copies of the Office of Coastal Resource Management's Beachfront Management Act to beachfront owners to help inform them about revetment maintenance. We are also planning to work with the Resort to hold three beach sweeps between May and September. In coordination with the Audubon Club, an area between Crossovers 2 and 4 will be roped off to protect the Wilson Plovers' nesting area from April to July.

Bridges: The FIPOA owns the Maxwell Bridge, the Tarpon Bridge and the Fiddler's Trace Bridge. These three bridges are inspected every three years, and they will be inspected later this fall. We also have one footbridge over Blue Heron and one from Tarpon into Sawgrass. In January, we installed a bulkhead on the Sawgrass footbridge. There is a possibility that further erosion in that area might require the addition of rocks. DHEC was very helpful and issued a five-year permit to include the entire length of the bridge just in case we need to add an additional seawall or rocks. A doggie pot station has just been added to the Sawgrass side of the bridge.

Covenants Committee: The covenants vote was a success. FIPOA will officially be in control of all single-family residential properties as of April 29. Thanks to the initial very hard work of the committee starting in

2005, a draft document was created. In November '07, the Board adopted a working draft and a timeline. In February '08, the Board hired a marketing consultant to help sell the idea. There were a number of working meetings where owners came to make comments and ask questions; more changes were made. The Fripp Island Resort agreed to the final draft in December. It was sent to owners of single-family residential properties for a vote in January.

Owner participation in the vote was incredible. Thanks to the full Board and a great Marketing Campaign Team, we received a 78% return. The votes were sent out to Robinson Grant, an independent accounting firm, to be counted and certified. When they reached over 50% in favor, they concluded the count and verified it.

The Architectural Review Board operations will move to the FIPOA on May 1. The current five ARB Board members have graciously agreed to stay on, and the POA Board will appoint a sixth member. Assistant General Manager Tina Reeves will be the FIPOA's ARB Administrator and Sandra Fleming has agreed to be available during the transition. The meeting schedule will stay the same, but will be held in the POA Board Room. . The POA Board does not have any intention of making drastic changes at this time and the current ARB guidelines will remain in place.

Crossovers: The POA has 31 beach crossovers. Oversight and maintenance of these crossovers falls to Tina Reeves. Minor repairs including replacing steps, sister stringers and cap rails were made to 16 of the 31 crossovers over the past year. Crossover 8 had post and rope installed along the entire walkway. Major repairs were made to Crossovers 3, 8, 17, 20 and 31. The crossover structure was completely removed from Crossover 2 because it was determined that we do not need steps there.

Deer: Rick Naugle of the Humane Society reports that they now have over 95% of the female deer population on the Island treated with an immunocontraceptive vaccine. They learned that much of the vaccine they used in 2005 and 2006 did not work very well. As a result, they have not used that vaccine since 2006. Many of those deer have died off naturally and should not be a factor in another two to three years. Of the other 75%, all were treated with a vaccine that lasts for three to four years. Very few of these does are having fawns.

HSUS counts show the deer population over the past four years has dropped from around 600 to less than 400. This is due primarily to the significant reduction in the number of fawns being born and to natural die-off. They usually don't see declines like this for eight to ten years.

Rick feels the project is a big success and should continue to be so. He has expressed appreciation to those who have provided the HSUS staff with housing when they're working on Fripp. We also thank those who provided housing and the Resort for providing amenity cards and carts. The only funding for this program comes from donations, so please be generous to HSUS.

The **Future Finance Committee** presented its recommendations to the Board last May to fund the future reserve needs of the island. Some suggestions from the committee included pursuing ways to transfer assets to the PSD to reduce ongoing operating costs, appoint a committee to work on a rental fee program, annual or special assessment amendment, and to defer any proposal that would require a bylaw or covenant change until the covenants have been approved. To date, only one of the recommendations has been acted on. It was determined that transferring assets like the POA office building and the Security function to PSD is not feasible.

The **Grounds Committee** has been working hard to make the front of the island a focal point. In August, the Board approved the purchase of the dolphins sculpture at the front of the island. The committee continues to discuss what to plant up front in the new blue planters and along the River Club wall to add color while keeping the deer away.

The POA donated funds last year to help create the Tower Garden. Once it was almost complete, the Resort donated the property over to the POA. With the help of the Women's Club, the Garden Club and Earthworx, the garden will soon look exactly as it was intended. This has been a real community effort led by Micki McCormick.

The **Human Resources Committee** reviewed other POA's salary and benefits packages last December. After review, adjustments were made to the FIPOA's Salary Plan to keep us competitive. Also in HR, a Sexual Harassment course has been implemented. The course consists of a video with everyday scenarios, discussion and a test that all FIPOA employees have successfully completed.

Lakes & Lagoons: We have six aerators in the POA lagoons. One was replaced in 2008, and there were electrical issues with another. There was one limited fish-kill in Blue Heron in August. The lagoons are inspected by an aquatics contractor monthly to ensure that the salinity and oxygen levels are where they need to be. They can't, however do anything about the water levels.

The **Nominating Committee** started earlier this year than in years past, and they had quite a few people contact them directly about running for the Board. They came up with a great slate of non-resident candidates for the class of 2012.

The **Parking Committee** was formed last May and its initial purpose was to determine the feasibility of creating a parking policy that would bring parity to all roads and reserve areas. The committee also determined that better information about parking and beach accesses needed to be distributed to people coming onto the island. We are now distributing a map showing the location of all beach accesses at the Security Gate. There is a requirement for all golf carts, including ones only here for a week, to be registered with Security.

The committee chose to first tackle parking issues on beachfront roads from Whiting to Seahorse. Committee members walked the roads separately at first to determine what would be best for each road. The initial plan suggested by the committee was to have only golf cart parking on beachfront streets. After posting the tentative plan online to solicit more input, the committee decided to walk the roads together and has revised this idea. When the committee makes its final recommendation to the Board next month, they will suggest having handicap parking on Rock Beauty as well as some optional car parking available on certain beach access roads.

The **Roads and Drainage Committee** has seen quite a lot of work since last April. The Tarpon widening project from Skipjack to Rock Beauty was completed; Crooked Creek Lane, which had been built in the wrong location to begin with, was realigned; and gravel roads were scraped.

Just completed this week - resurfacing of Tarpon from Rock Beauty all the way to the end; resurfacing Remora from Porpoise to Porpoise, and resurfacing Porpoise Drive from Porpoise Circle to the end of the existing pavement. Plus, the circle at the end of Porpoise was paved for the first time. This last work was done in part by a resolution passed by the Board in March, which states that the POA may consider participating in the cost of paving gravel roads if the roads are bordered by lots only on one side. The neighbors participated in the costs as well.

Security: Both Chief Binkowski and Lt. McCants are recovering from their illnesses. Lt. Senecal is in charge of the team, we have full coverage for all shifts.

Security highlights since last April:

- An alligator that twice took up residence in the tidal pool kept the officers and POA staff busy posting notices via email and posting beach signs and monitoring the area. When the gator showed up the second time, the Security team was well versed on how to keep people safe and they got rid of the animal quickly.
- The 2009 Budget includes no new hires, but does include a new air conditioner for the gatehouse and a new small Toyota pick up truck.
- In November, Chief Binkowski announced that he would be moving to his native New Jersey. He quickly changed his mind and came back to Fripp.
- A gator was reported on the 5th fairway of Ocean Point last week. It had a yellow volleyball w/ a smiley face on it wedged in its jaws, which looked like the gator was smiling. Officer Bruce Anderson determined that the 12-foot animal was too long for our team to wrangle with and he was worried about its health. He made sure that no houses or people were in the line of fire, got his short bullet 22, and took out the ball. It deflated with a whoosh and the gator slithered back into the lagoon.

The Trawler Panel has strived to make the newspaper better each year. With improved layouts and enhanced placement of advertisements and photos, many have said this year's Trawlers have been the best yet. Tina Reeves is responsible for putting the newsletter together and has a very talented and hardworking editorial panel, including Stewart deWitt who is in charge of advertising.

Following the trend of bigger newspapers like the Seattle Post Intelligencer and The Christian Science Monitor, *The Trawler* will become an online-only instrument by November of this year. It will save the POA

approximately \$27,000 per year. For those who do not have Internet access, we will send a black and white 8x10 version. Please contact Tina and let her know that you need one.

Misc: The Board adopted a policy of not cutting islands in POA lagoons. Requests for cutting can be addressed on a case-by-case basis, but Beaufort County must give approval.

-- A policy was adopted regarding commercial activity on the beach. No person shall sell or offer goods, services or merchandise on the beach with the exception of any operations which preserve the ecology of the beach or preserve shoreline revetments.

-- A request was made for a dog park. The Board determined that we do not have land viable for one.

-- Turtle Patrol asked to pay for and place "Save the Turtle" signs at each POA crossover and the Board approved the request.

Mrs. Hines expressed appreciation to those departing and remaining Board members; they serve as great examples to the incoming class, who were congratulated and welcomed. All administrative and security staff members were thanked as well.

3. Report from the Treasurer: Bob Davidson noted The finances of the POA are in good order for 2008.

The power point showed the POA uses three budgets to capture everything.

The Operating Budget reflects current revenues and expenses. In 2008, revenues were \$1,837,700 about the same as the year before. Expenses were \$1,374,500 or 4.7% lower than 2007. Net for 2008 was \$463,200 or 12.7% better. 2008 saw significant declines in what we actually paid for administration, grounds maintenance, insurance, roads, and security gate expenses.

The Capital/Reserve Budget and the Roads and Bridges Budget were affected by an uncertain investment market and finished lower than had been expected. The Capital/ Reserve Budget applied against the positive \$463,200 from current operations reflected a net of a minus \$100,900 when larger than expected capital expenses for Roads were matched with less than expected revenues. The Road and Bridge Budget had again lower revenues than expected after investment performance was factored in, but expenses were 66.8% less. The net was a minus \$55,500.

In the future, it would be wise to generate an amount of revenue that could maintain the island's infrastructure as well as provide a cushion against extraordinary pressures, such as the economic downturn we find ourselves in today. We serve you under two restraining financial caps to our ability to do just that. One is that we have a \$1,000,000 cap on the amount of money that can be set aside for the Road and Bridge Fund; however we must plan for eventual repairs to the Inlet Bridge. The PSD suggests the bearings should be replaced soon and their estimate for the cost is \$2.7 - \$3.0 million dollars. For 2008, since the Road and Bridge Fund already was at its maximum \$1,000,000, a plan was developed with the PSD to hold in escrow the \$212,000 raised by the \$100 yearly assessment charged to each property.

The other cap affected the annual assessment that property owners contributed in 2008 to repair the island's roads, maintain common areas, lagoons, crossovers and provide security. This cap is based on a static amount of \$450 per parcel, which is added to by increases in the CPI. We need to explore ways to increase the amount of revenue the POA can raise to adequately look after the island in spite of price inflation or investment downturn. The 2008 assessment was only \$740 per property.

The POA has changed CPAs. As a way to improve our tax reporting, we changed from Cherry Bekaert & Holland to Robinson Grant. By careful follow up, we have also saved the island about \$11,000 in disputed income taxes.

Our investment portfolio of \$1,500,000 is down 34.7% (net of fees). This is as of March 31, 2009, and it was worse at the end of 2008. Considering how the overall market has done, we should be glad we invested with Jentner Financial Group and used a blend of stocks and bonds with lots of domestic and international diversification. Our formalized investment program began in October 2007 in order to produce income and growth necessary to fund the cash outlay required over the next 30 years to keep our infrastructure in good condition. We are investing your money prudently when you consider a 30-year time horizon.

4. Questions, Answers, and Comments:

(Q) Can the power point slide of the budget vs. actual be posted on the website?

(A) Yes. It will also be available in the POA office.

(Q) Can we have the 2009 budget vs. actual statement at the 2010 Annual Meeting?

(A) Yes.

(Q) Can the cap on Roads & Bridges be raised from \$1 million?

(A) We recognize the Inlet Bridge is the lifeline to the island and this is something the Finance Committee needs to take a hard look at. We are currently waiting for the final estimate of upcoming bridge repairs. Any changes to the cap will need a majority vote of the ownership.

(Q) Concerns expressed about rusty nails and screws on Crossover 16.

(A) We look at a crossover any time a complaint is lodged, as well as all of them monthly; this crossover has been looked at three times in the past month. The contractor and our insurance agent assure us this crossover is very safe.

(Q) With the increased sand building up on the beach and difficulty finding crossovers, can numbered white markers be placed in the dunes?

(A) We currently have numbered markers on the street side and the beachside, but anything done on the state-owned beach requires OCRM approval. We will contact OCRM for information.

(C) An owner expressed concern with storm water from an empty lot next door spilling into his yard. .

(A) Mr. Newby responded that the problem probably originated when the property was developed and the house built. The recent hard rains have not helped. He suggested that the owner talk to the ARB.

5. Adjourn: The meeting was adjourned at 9:50 am and all attending were invited to have refreshments in the meeting hall.

Respectfully submitted,

David Case
Acting 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 1-800-444-2801; then 5763474.