

**FRIPP ISLAND PROPERTY OWNERS ASSOCIATION
BOARD MEETING MINUTES
November 12, 2011**

PRESENT: Mrs. McCormick; Messrs. Hindes, Davidson, Blake, Crouse, Kemmerer, Morrison and Wolbrink; Messrs. Case and DiSerafino by phone

1) Call to Order and 2) Determine Presence of a Quorum of Directors: President McCormick called the meeting to order at 9:00AM. There was a quorum present.

3) Adopt Agenda as Presented Today: Motion made and approved to adopt agenda as presented today.

4) Approval of October 8, 2011 Meeting: Motion made and seconded to approve minutes as presented. Motion approved.

5) Comments and Questions from Members:

There were many guests in the audience and on the telephone who gave their opinions about Resolution #589. Issues addressed were: many in favor, many opposed; many want to table and/or tweak the language; use of any vehicles (golf carts, low speed vehicles, ATV's, Mules, Gators, etc.) by resident and non-resident owners/guests; need for state permits and licenses; we are a private island and can prohibit what vehicles we don't want; FIR rentals vs. private purveyors; speed of vehicles and whether they have been enhanced; number of vehicles and trailers brought on the island; increased road congestion, protection of environment and safety; does '83 Agreement provide for all guests and owners to bring personal vehicles to the island? FIPOA not compensated for the wear and tear on roads by renters and guests; too hard for Security to enforce when renters change every week; registration forms given out at gate but never turned in; validation of insurance coverage; if going by state and federal legislation, cannot pick and choose which rules to apply; blast email sent Friday was late in being disseminated; many different safety concerns; no grand fathering of existing carts; why discriminate between owners and guests? are we being premature when there is pending legislation to change driving golf carts within residence requirements of two vs. four miles?

C) Martin Goodman, Chair of the PEC Committee, noted they would like to put more teeth in Covenant enforcement. He expressed appreciation to Tina Reeves for her efforts in diligently following the process of sending letters to those owners who are negligent in maintaining their property.

Q) Why send only Bylaws and Covenants ballots to auditor; why not include Board of Directors ballots?

A) Dick Morrison, Chair of the Ballot Committee noted they felt that our present process for Directors voting was acceptable; the other votes should be sent to the auditor.

Q) An owner noted there was not an eblast sent notifying the October minutes were available on the website.

A) The General Manager was on vacation and staff was unable to complete the process. The minutes had been posted on the website.

Q) How were members of the Nominating Committee chosen? It seems like all members are full-time residents. She felt that all full-time residents were not representative when 86% of owners are non-residents. There are ways like conference calls for non-residents to participate.

A) President McCormick stated that according to the Bylaws, she chooses the members. Her criteria were for those who could be easily reached to have meetings and diversification. She also noted that any non-resident could put together a petition for representation to run for the Board

C) An owner noted she had listened since 9AM and many speakers were allowed to go beyond the 3-minute time limit. She felt President McCormick should have extended the time for the previous caller.

6) Discussion of Matters Deferred to this Meeting:

Resolution 588 – To Adopt the 2012 Calendar Year Budget; with Changes to the Annual Assessment and to Continue the Special Road & Bridge Fund Assessment

Proposed Resolution: That the 2012 Calendar Year Budget of the Fripp Island Property Owners Association in the amount of \$1,861,000, a copy of which is attached to and made a part of this Resolution, be adopted by the Board of Directors, and

Be It Further Resolved: that the annual assessment will remain \$740, and that the Special Road and Bridge Fund assessment remain \$100, both assessments to be assessed and collected in accordance with the Bylaws.

Discussion: The amended motion that the annual assessment remains at \$740 was presented for second reading.

Motion: Motion made and seconded to approve as presented. Motion approved.

Resolution 589 – To Adopt Changes to the Rules and Regulations to Allow Only Registered Golf Carts and Low Speed Vehicles; to Disallow Non-Property Owners from Bringing Golf Carts and Low Speed Vehicles onto the Island; Require that all Golf Carts and Low Speed Vehicles be Registered

Proposed Resolution: That the Board of Directors approves the proposed changes to the Rules and Regulations last amended January 19, 2011.

Wayne Kemmerer, Chair of Security Committee, made a PowerPoint presentation on behalf of the Security Committee. It contained information about issues addressed, definitions of golf carts, LSV's and off-road vehicles, background, recommendations, references and sources.

Discussion: The amended resolution is being presented for second reading. Changes have been made regarding citations of "up to" \$300.00, rental agencies being allowed to rent golf carts and low speed vehicles on the island and that this resolution will take place effective February 1, 2012.

Motion #1: No vehicle will be allowed on Fripp Island streets and roads other than currently State licensed automobiles, motorcycles, trucks, scooters and Fripp registered golf carts and low speed vehicles. Operation of any other vehicle on Fripp streets and roads will result in a Fripp Island citation of up to \$300.00. Emergency vehicles would be excluded. Such vehicle may be impounded and held by Fripp Security until removed from the island. Prohibited vehicles acquired prior to the publication date of this resolution may apply to the Appeals Committee for an exclusion for that specific vehicle for the life of that vehicle.

Motion #2: No guests or renter shall be allowed to trailer or transport golf carts, low speed vehicles, Gators, Mules, ATV's or any other off road vehicles such as the Mule, Gator and Ranger onto Fripp Island. If guests or renters arrive with such vehicles, they will be advised to park said vehicle and refrain from any operation of said vehicle. A Fripp Island citation of up to \$300.00 will be issued if said vehicle is observed on any Fripp streets or roads. Rental agencies will be allowed to rent golf carts and low speed vehicles on the island.

Motion #3: Effective February 1, 2012, all owners shall have all golf carts and low speed vehicles inspected and registered with Fripp Island Security. Owners who fail to register said vehicles shall be subject to a \$50.00 Fripp citation.

Again, there were those in favor, those opposed and those who wanted to table. Serious safety issues with these vehicles were acknowledged. It was acknowledged and clarified that as a private island with private roads, we can do what we want regarding these vehicles and tailor the resolution as we see fit. The number of items being trailered on to the island differ greatly and we need data to back up the change but questioned how long a period to collect data; need to collect data this summer on renters bringing carts on island; don't want to wait another year to enforce;

how will requests for exclusions affect the Appeals Committee; the enforcement system is broken and we want Security to change it. However, we say there are no funds available yet over \$500,000 will be transferred to Reserves, so we could use some of those funds. Appreciation was expressed to Linda Freeman and Barbara Sealey for their efforts in this process. The importance of adjusting legal issues, collecting data, simplification of policy and compromise was agreed upon. In addition, it was noted that the Security Committee could call a special meeting with the Board to ensure all issues are discussed. There are no guarantees this resolution will be approved next month.

Motion: Motion made and seconded to table Resolution 589 and refer back to Security Committee to discuss issues brought up today. It will be brought back in the future as a first reading of Resolution 589. Motion approved unanimously.

Resolution 590: To Transfer Excess Revenue to the Reserve Fund

Proposed Resolution: The Board of Directors accepts the recommendation of the Finance Committee to approve the audit report and give approval to transfer \$523,525 from the General Fund to the Reserve Fund.

Discussion: This resolution was presented for first reading last month. No changes have been made.

Motion: Motion made and seconded to approve as presented. Motion approved.

Resolution 591: To Have all Ballots Except those for Board of Directors Sent to the Auditor of Record for Counting Based on Rules provided

Proposed Resolution: That the Board of Directors approves sending all ballots except those for Board of Directors to Auditor of Record for Counting based on Rules Provided.

Discussion: This resolution was presented for first reading last month. No changes have been made.

Motion: Motion made and seconded to approve as presented. Motion approved.

7) Report from the General Manager:

Misc:

- Kate Hines attended a meeting of the Marsh Association at Spring Island on November 10th.
- We have a drawing and price options for a replacement for the Ocean Point wall. Will be meeting with the owners before deciding how to proceed.

ARB: Permits approved: eleven maintenance and repair, seven new roof, six new paint, three tree removals and two additions. The next ARB meeting is scheduled for Thursday, December 1st.

Boat Committee: The ad-hoc Boat Committee has met its second meeting on November 3rd and discussed options for land to store boats. There isn't any currently, but there are ideas to pursue. They reviewed the revised covenants, as well as rules of other communities. The objective is not to ban boats. The committee will work on drafting rules and meet in December to discuss.

Crossovers: Nothing to report.

Environmental: Met November 9th and discussed the pursuit of the eco-tourist and how all parties on Fripp are involved under the umbrella of the Environmental Committee. FIR is paying to have informational "rack cards" printed, so the FIPOA's 2011 budget can go to trashcans at the Bonito Bridge, South Tarpon and Whiting. The committee also talked about the pursuit of a recycle center and is in talks with Low Country Sanitation. Curt Blake, Chair of the committee, requested Board input in thinking about a location for the center.

Financial:

The Finance Committee met October 27th and received an update on our investments from Bruce Jentner. The Committee also discussed the investment policy and determined that it needs to be revised. It recommends Resolution 594, which comes before the Board today.

- Assessment Collections: 33 late statements mailed 11/1/11
- General Fund - \$946,600; Deposits for Right of Entry - \$189,000; ARB Bond Deposits - \$109,000 “For informational purposes only”; Reserve Fund - \$1,790,671; Road & Bridge Fund - \$759,900, including investments adjusted for market value; Accounts receivable for 2011 are \$49,400.
- We are at 97% of budget for revenue and 80% of expense.
- There were eight property transfers in October.

Grounds & Beautification: Deer attacked the plants by the flagpole. New plants will be planted next week. The bike paths have been edged.

Lakes & Lagoons: No report. Chair Curt Blake noted there is a foul smell emanating from the lagoon on Ocean Creek Blvd. Could it be pollution, sewage, or a broken PSD line?

Action: An email from the Board will be sent to Stuart Mitchell. Mrs. Hines will also bring this up at the CAB meeting on November 14th.

Parking: The Parking Committee met with a property owner on October 31st regarding his appeal to keep his plants and the “Private Property” sign on the POA right of way. He has been asked repeatedly to move them. After explaining our reasoning, we have reason to believe that he now accepts our position.

Roads & Drainage: Chair Dick Morrison met with a representative from Andrews Burgess at Fairway Club to have him look at three drainage options. He has been asked to have the area surveyed and give us his opinion on the best option and prices for drawings for best route for drainage.

Security: The Security Committee met on October 26th. Resolution 589 was discussed at length. The Chief gave an update from the Sheriff’s department on the burglaries; they are unsolvable because DNA samples do not match any samples in the database. House watch numbers have come way down. Emails from the Chief will now go out monthly. The Good Neighbor Watch will be implemented in January. The next meeting is November 16th. Chair Wayne Kemmerer noted they are putting together a Security Plan to address issues facing Security. Already included in their monthly reports are statistics on house watch, burglaries, larcenies, speeding and underage drivers.

The Trawler: The Trawler publication date is November 15th.

CAB: The Annual Meeting was October 9th. Stuart Mitchell gave an overview of the year’s activities. The membership numbers are good. The new Chair of the CAB is Judy Hummer.

PSD: Met on November 9th. The auditor was present to go over the final audit. The commission is still pursuing options for improving the building, but is not at a stage to finalize anything. There will be a pre-bid meeting for contractors interested in bidding the Inlet bridge repairs on November 15th. The bids will be received on December 1st and work would start in January.

Resolution 592: For the Board of Directors to Give its Advice and Consent to the Nominations By the President of Members of the Nominating Committee of 2011-2012 and to Inform the Nominating Committee of the Number of Directors to be Elected

Proposed Resolution: That the Board of Directors appoints the following members to the Nominating Committee: Jim Wolbrink Chair; Dick Morrison, Perminder Bindra, Carole Fahey, Judy Hummer, Arlene Jacquette and Buck Mathews.

Be it Further Resolved: that the Board of Directors informs the Nominating Committee that three non-resident Directors are to be elected for the Class Year 2015.

Discussion: President McCormick addressed the unhappiness expressed with the way members of the Nominating Committee were chosen. Residents are more likely to know more people than non-residents and she was looking for a diversified group. It was also noted that the three directors whose terms are expiring are non-residents.

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

Final Action: Motion made and seconded to approve Resolution 592 as presented. Motion approved.

Resolution 593: To Enter Into a Right of Entry Agreement with Beaufort County for the Purpose of Allowing the Removal of Storm-Generated Debris

Proposed Resolution: That the Board of Directors approves the attached Right of Entry Agreement Between Beaufort County, SC and Fripp Island Property Owners Association.

Discussion: Presented for first reading. Beaufort County will not enter the island to remove debris after a storm without an agreement in place. The Marsh Association is trying again to get the County to sign the agreement. The agreement with each gated community is necessary in order to be able to apply for FEMA funds in the event of a disaster. The Marsh Association (TMA) wants to go to County with current Right of Entry Agreements from at least 20 gated communities. We cannot go to the Marsh Association without Board authorization on the agreement.

Action: Deferred to December meeting for second reading.

Resolution 594: To Revise the FIPOA Investment Policy

Proposed Resolution: That the Board of Directors approves the revised investment policy as attached.

Discussion: The Finance Committee feels that the 2007 investment policy should be revised. The FIPOA has two types of investment funds, Operating Funds and Reserve Funds. With both types, safety is the prime objective and yield is a secondary objective. Liquidity needs will now be met by structuring maturities to ensure availability of assets for projected or unexpected expenditures. Safety is defined as a prudent combination of credit risk aversion and well-managed control of capital preservation in light of interest rate volatility. Pros and cons of immediately liquidating our Jentner accounts were debated. It was noted that the Community Association Institute has set a standard for this type of investing and they are in favor of what we're attempting to do. Our own auditor has said our investments are not appropriate. To see the revised investment policy, please see <http://www.fipoa.org/invest.html>

Action: Motion made and seconded to vote on this resolution today. Motion approved with two opposed.

Final Action: Motion made and seconded that Kate Hines is instructed to contact Bruce Jentner immediately to transfer monies from Jentner Financial to our bank in the most practical way to minimize risk. Motion approved with one abstention.

Resolution 595: To Purchase a New Laptop Computer

Proposed Resolution: That the Board of Directors approves the purchase of a new laptop, cost not to exceed \$1,700.

Discussion: Presented for first reading. The existing laptop was purchased in 2005 and is no longer working. The laptop is needed primarily in the event of an evacuation; all of the important programs are loaded onto it so we can transport it with us to our evacuation site. We also need one for meetings in the Boardroom or at the Community Centre for presentations that require a projector. Our information technology consultant recommends purchasing the Lenovo ThinkPad W520 for a cost of \$1,700 including tax. Funds to come from the Project Expense line of the 2011 budget.

Action: Deferred to December meeting for second reading.

8) Committee / Other Reports

It was noted the current audit report had concerns about our use of QuickBooks. We may want to consider looking at other software and have our bookkeeper get some additional training.

Action: Kate Hines will discuss with our auditor.

9) Statement of Matters Deferred to December Meeting:

Resolution 593: To Enter Into a Right of Agreement with Beaufort County for the Purpose of Allowing the Removal of Storm-Generated Debris

Resolution 595: To Purchase a New Laptop Computer

Auditor's Report re: QuickBooks

10) Next Meeting: The next meeting will be held Saturday, December 10, 2011 at 9:00AM in the Boardroom.

11) Adjourn: The meeting was adjourned at 11:45AM.

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 1-800-444-2801; then 5763474.