

Minutes  
2008 Property Owners Association  
Annual Meeting  
November 19, 2007

The meeting was called to order by Stan Kirkland who welcomed everyone to the 2008 Property Owners Association Annual Meeting. Russ Dimke, Secretary of the POA, verified and reported the proxies. The total number of votes represented at the meeting was 128 which were 51% of the membership.

Minutes of the 2007 POA meeting were reviewed. Richie Swilpa recalled a discussion at last year's meeting, of monies owed to the POA by the Developers. Lex Alperin also recalled the discussion of owed funds and how they were to be paid. Russ Dimke suggested it may have involved contingency funds which as been addressed with the Developers during this past year's monthly Board meetings. A member asked if last year's recording secretary was present. Russ noted that Tonya Soltani, who prepared last years minutes, was not longer employed by the Developers. Ron Lambe noted that this year's meeting is being taped for completeness and accuracy. Stan commented that the missing topic will be research and he would report any findings to the membership in the Board's next correspondence. Stan made a motion to approve the minutes, with the above noted exception. The motion was seconded and carried.

Russ Dimke presented the **2007 Forecast versus 2007 Budget**. Net costs are expected to be \$21,000 less than Budgeted. The key factors driving this gain are greater than anticipated Gate Fees and interest on dues collected. Partially offsetting these revenue gains are lower than anticipated use of POA Labor for Developer projects. Property and Liability insurance was greater than Budgeted as coverage was expanded to include the Clubhouse furnishings and community docks, and the walkway to Magnolia Island. Utilities are running about \$5000 less than anticipated due to close management of the clubhouse and pool electrical usage. Maintenance wages were also lower than budgeted as the Developers used less POA labor.

Russ also noted that dues were not paid on 8 lots in 2007 resulting in a loss of funding (Bad Debt) of \$16,000. Liens were placed on these lots but chances for recovery in the next year are not expected. Lex Alperin commented that foreclosures on property can commence immediate following the placement of a lien. Stan Kirkland reported that lot prices have stabilized and even declined and most people have mortgages on these properties of up 100%. Foreclosure may force a sale where the POA either has to buy the property or lose the lien. Russ commented that it is more prudent for the POA Board to wait until lot values increase before moving to act on these liens. Dick Lovett noted our dues are still relatively low (less than \$2500/year) so the costs involved in the recovery is a factor versus amount owed.

Next Russ presented the **2008 Budget**. On the Revenue side, Gate Fees are expected to be a little less than 2007 but this may be conservative since new housing starts may, in fact, be close to this year's activity level. A big plus to 2008 Revenue versus 2007 will

be the rollover of the anticipated \$21,000 savings from 2007 into 2008. In the past such savings were added into the Contingency Fund.

On the Expense side, the common area taxes will be \$5000 less this year as a result of the Developers transferring ownership of the Clubhouse, River Cabin and Magnolia Island to the POA. A South Carolina tax law allows communities such as Bull Point to have their recreational properties taxes on an income basis (gate fees) rather than at its assessed property value. Contract labor will be reduced by \$7000 versus 2007 as the result of Dick Lovett cutting back his own hours. Russ reported that Dick has developed his staff to the point where Dick's supervisory role can be reduced. Workman's Compensation Insurance cost will also be reduced as a result of a new insurance carrier contracted by the POA to replace the coverage previously provided by Bull Point LLC. Maintenance wages are expected to increase by \$18,000 in 2008 due to the added responsibility of maintaining Big Bull Island Roadway and the associated bridge. In addition a part-time staff person with carpentry or mechanical skills will be hired to facilitate more in-house repairs of structures and equipment. Another significant cost increase in 2008 will be Medical Insurance to cover all our seven full-time employees. Previously, the Developer only extended medical coverage to only two of our employees. Now that the POA has taken over control of this item, we plan to offer medical coverage to keep us competitive with other area gated communities and to maintain a stable, efficient work force. Employees will also be allowed to add family members but to our group plan at their expense.

The POA Budget also assumes there will be 12 lots who will default on their 2008 dues, versus the 8 lots in 2007. This translates to an \$8000 increase in Bad Debt Expense year-to-year. Russ noted that many of the lots sold during the 2005 Sales Launch Event at Bull Point took advantage of the low interest 3-year balloon mortgages offered by local banks. A number of these mortgages were issued for 90% or more of the lots selling price.

The 2008 Budget versus 2007 forecast is an increase of about 4.4%. However, the dues will increase much less due to the 2007 savings which will now be rolled over to 2008. Also, the Developers have added 3 more lots that were previously needed as a septic drain area for Phase VII. An improved system has been approved for this new phase which eliminates the need to reserve these lots for a drainage field. There is also a request by a property owner to consolidate two adjacent lots into one building lot for his own home. Therefore, for 2008 the total lot number for Bull Point will increase from 247 to 249 (3 Developer lots minus 1 consolidation lot). The resulting dues for 2008 will be \$2335 per lot versus \$2326 in 2007 – an increase of \$9 which is less than 1%.

As Russ concluded his Budget report, Richie Swilpa asked for the current balance in the Contingency Fund. Robert Holcomb noted that the Budget package listed the amount at \$260,000 in the Contingency Reserve and \$95,000 in the Capital Equipment Reserve. Richie then asked what are target amount is for this fund. Russ responded that the POA is presently attempting to determine the level of our reserves. The Board plans to research other area gated communities at this time, to compare and determine the appropriate number for Bull Point.

Mr. Swilpa suggested that the POA establish a line-of-credit with a local bank using POA property as collateral. He suggest this could be used in place of building a large Contingency Reserve. Russ agreed and said it could be pursued but noted that the resulting credit, if tapped, would have to be repaid via a special POA assessment.

Robert Holcomb noted Line 20 in the 2008 Budget which was reduced, versus 2007 since replacement of furniture, if needed, would be funded by the Contingency Reserve. Mr. Holcomb found this inconsistent with the Budge Package which noted Contingency Funds are for Major Repairs and Catastrophic Events. Russ explained that the Board had recently agreed that all capital expenditures over \$500 would be funded via the Contingency Reserve if not specifically included in the Budget. Dick Lovett commented that although the Developers are still in control of property, the POA has the liability for amenity damage including roads. Dick stated that the cost to resurface the roads in Bull Point would alone be over \$300,000 and stated that the fund level is not yet adequate. He suggested that the POA wait until the Developers are closer to turning over their control to the POA before determining the target fund level, which could be determined by a property owner's committee.

Craig Whitaker commented that since the POA now has more extensive Property Insurance coverage, we may need less Contingency Funds. Russ noted that downed tree clean-up after a major storm would not be covered. Stan Kirkland also pointed out that the deductible portion of our policy would also be the responsibility of the POA. Dick Lovett cited recent problems regarding hurricane insurance coverage as a result of Katrina.

Mr. Whitaker questioned if it was possible for the POA to get insurance for the roads, similar to what was obtained for the docks. Russ Dimke noted that the dock insurance is principally for fire. Dick agreed to ask our new property insurance carrier if any such road repair insurance is offered at a reasonable level.

Russ informed the membership that at least two states: Florida and California have guidelines and requirements outlining what POA-type communities should have in contingency funds. He will follow-up to obtain more information as Bull Point determines its target Contingency amount.

Robert Holcomb asked if the type of Capital Expenditure referenced in Line 20 would go against the General Contingency Fund or the Capital Equipment Fund. Russ Dimke clarified that the Capital Equipment Fund was specifically targeted to purchase or replace the maintenance equipment which is now provided by the Developers, i.e. backhoe, dump truck, pickup, tractors, etc. All other capital expenditures would be addressed by the General Contingency Fund.

Mr. Holcomb wanted a clarification regarding the forecasted 12 lots which may not pay 2008 dues. He asked if the POA's ability to recover these dues through foreclosure would have a similar outlook to the 2007 liens, i.e. at best partial recovery. Russ Dimke responded that the POA expects only limited recovery due to the 90%-100% mortgages. He noted that if a lot is sold in foreclosure, non-payment of real estates taxes would be

satisfied first, prior to the mortgage, leaving little or no funds left to satisfy the Bull Point lien.

A property owner asked when the POA bills would be sent out. Russ Dimke responded that this should occur within two weeks of this meeting.

Stan Kirkland asked for a motion to approve the 2008 budget. A motion was made, seconded and carried.

Stan Kirkland introduced Sandy Dimke, Chairperson of Bull Point's **Architectural Review Board**. Sandy was happy to report that 2007 was a great year for her committee. Dick Garrett, homeowner, was added to the committee a few months ago as an alternate member. She reported that since the last annual meeting 9 houses have been completed (4 full-time residents and 3 part-time residents). Currently there are 6 houses in various stages of completion. Plans for 3 more houses have been given their Final Approval and work should begin on those shortly. One more plan is due for Final Approval in December. Sandy commented that many dock permits are expiring soon so the ARB is busy processing permits. She noted that some of the dock builders have not been responsible with regard to disturbing the understory and trees when they are bringing their equipment through the lots. She reminded property owners that structural improvements and additions also need ARB approval and noted that we had two additions this year. The ARB reviews these plans, as well, and monitors the construction weekly.

Sandy was pleased to announce that the landscape plan for the clubhouse had finally been submitted to the ARB this past week and the board found it very complete and approved the plans unanimously. Implementation should begin in the very near future.

Sandy reminded property owners that the ARB has been enforcing the sign ordinance and thanked the property owners who had security advertising signs and invisible dog fence signs for cooperating and moving them back on their driveway to a more discrete location.

More importantly, Sandy announced that in 2008 Bull Point must begin enforcing Beaufort County's regulations relating to emergency response house numbers. Dick Lovett will research numbers that meet with the fire department requirements. Hopefully these can be affixed to the mail box post, to create a uniform numbering system. Since this is required by law, he will purchase these, charging the homeowners only his cost and having Bull Point maintenance staff install these on each property. A property owner asked Sandy how emergency vehicles access Bull Point after gate hours. Dick Lovett noted that we have recently installed a device (the green light at the gate) which allows emergency vehicles to open our gate via their communication system.

Lex Alperin asked if the Clubhouse Landscape Plan included the retention pond behind the tennis court. Sandy noted that it was part of the plan.

In conclusion Sandy mentioned that she was asked if the ARB was responsible for the recent beautification at Bull Point. She informed the group that it is not under the ARB

but the POA now has a separate Beautification Committee. She recognized Guy Collier and Dick Garrett who are now in the process of cleaning and repainting the mailboxes, street signs and lot markers. Sandy called on other property owners to help out either by joining the committee to assist with ideas for beautifying the property, or to contact Guy if they would like to help with the labor.

Next Stan introduced Leigh Wolfson, chairperson of the **Entertainment Committee**, who provided an update of her committee's activities. Leigh announced that her committee members were Shirley Lambe, Gladys Garrett and Terry Stone and new members were encouraged to join in. A Christmas party was planned for December – date to be posted shortly on the POA website. (Dec 8<sup>th</sup>). Clubhouse will be decorated on December 4<sup>th</sup> and asked that members contact Shirley Lambe if they want to help. Leigh distributed a sign-up sheet for the trim-a-tree party on December 6<sup>th</sup>.

Leigh announced that three major events are planned for 2008 but asked that all POA members host or make suggestions for other events during the year. As an example Leigh reported that a resident has volunteered to organize an outing to the Savannah SandGnats minor league baseball for this coming summer. Leigh also requested that any recommendations for caterers, bands, entertainers, etc. be emailed to her.

Stan then introduced Ron Lambe who presented an update on the **Clubhouse Security System**. Ron pointed out that the \$1+million value of the clubhouse complex as well as a couple of recent minor incidents of vandalism has prompted the need for a security system. Ron is obtaining a bid for a limited access card system for the Clubhouse which will also include breaking and entering sensors, motion sensors and a video cameras. The cost should be less than \$20,000. CSI of Waltherboro and Hiller Systems have been chosen to bid and the POA plan to award a contract within a couple of months. Bill Wehmer suggested a video system alone may be sufficient deterrent rather than implementing the more expensive and inconvenient card system. Ron agreed and noted that the POA will implement the system in stages per Bill's suggestion. Tony Santagati commented that his business had a theft problem which was nearly eliminated by the installation of a clearly visible video camera. Russ Dimke noted that the cost to install the security system will come out of the General Contingency Funds.

Stan Kirkland then introduced Dick Lovett, Director of Operations, to provide the **operations and maintenance project update**. Dick reviewed the major projects which occurred last year: (1) the building of restroom and locker facilities at the maintenance shed and (2) the addition of "step-offs" on the Magnolia Island Causeway. Current projects include landscaping and drainage for the new entrance to William Bull Park and refurbishing the road edges along Bull Point Drive. The plan to repair/expand Lake IZard has been completed and was on display this evening. Dick clarified that his work to help prepare this plan was at the request and expense of the Developers. Richie Swilpa questioned if the POA will be funding any part of the Lake IZard project. Dick replied that the Board approved that the POA would share the cost with the Developers, up to a maximum of \$30,000. Mr. Swilpa commented that most of the improvements to this lake would only benefit the people who live around this lake, therefore why should his POA funds be spent on this project. Dick noted that the Board looked at various options and chose to expand and enhance the lake. Lake IZard is considered an amenity and is open to

all residents to enjoy with limited access similar to Lake Bellinger. Dick pointed out that Lake IZard is a fire fighting water source for the entire community. Russ Dimke stated that the Developers have already spent approximately \$10,000 on this project and the total cost is expected to be in the \$60-70,000 range. Russ stated the community will have general access to the lake via the existing fire lane and future plans are for a bridge from this area to an island picnic area. Russ commented this bridge was an integral part of the project presented to the POA and thus he supported the proposal as an enhanced amenity for Bull Point. Dick Lovett said that he did not believe the cost of the bridge was included in the estimate. Richie Swilpa noted that if the bridge was not included in the price and not part of the project then the enhancement as a total community amenity has been misrepresented. Stan Kirkland said boats could be placed at the access point which would allow total community enjoyment. He also noted that the lake also is as a major part of the drainage system of the entire development. Mr. Swilpa concluded that money should have been appropriated to include a bridge. Stan responded positively to this suggestion and will have the POA Board revisit this project.

Mr. Holcomb point out that in 2008 up to \$20,000 of the POA's Contingency Fund may be spent on the Clubhouse Security System and up to \$30,000 on Lake IZard project. He noted that the balance for year end 2008 did not account for these expenditures and thus lower the forecast for the growth of the Contingency Fund. Russ Dimke acknowledged this was an error and, in fact, Mr. Holcomb's observations were correct. Mr. Holcomb asked if any other Contingency Funds have been appropriated that have not been mentioned up to this point. The POA Board members responded that there were no other such items.

Bill Wehmer questioned what plans existed for the vacant Pool House. Dick Lovett answered that it will be completed according to the original plan which will include a snack bar area with tables. Bill suggested that if there were no plans the POA could move some of the exercise equipment to that area so the current room would not be as crowded. Stan noted that the Clubhouse property deeded to the POA includes almost 9 acres, some of which could later be used for additional buildings.

Stan introduced Don Barrett to update the status of the **Turnover of Bull Point to the POA**. Don summarized the phased-in turnover that has been taking place over the last two years to the point where nearly all operations are currently controlled by the POA. Don complemented the efforts of the POA representatives and staff that were key in making this a smooth transition. Russ Dimke summarized that during 2007 the POA has taken over collecting dues and paying all direct expenses. He noted that as a result, the POA now enjoys significant interest income on the operating funds in advance of there use. Also during 2007 the POA has taken over the Property and Liability Insurance as well as Workman's Compensation (previously provided by Bull Point LLC). By the beginning of 2008, the POA will also take over the Medical Insurance Coverage and prepare and file the 2007 Federal and State tax returns. Russ stated that the major remaining items yet to occur include the completion of all the remaining Developer's projects and commitments, followed by the transfer of all the remaining common property. The exact timing when this will occur more slowly depending on the success of Bull Point LLC selling their remaining 37 lots plus the new Phase VII.

Don Barrett reiterated that the target date for the final transition depends on the timing to gain approval for Phase VII. Don hopes for final county approval in the Spring of 2008 at which time the Developers can begin to market the additional 44 more lots to Bull Point. As soon as a reasonable number of the 37 existing lots and the 44 new lots are sold, Don and Stan plan to exit and complete the transition. Don projects this would be about a year after Phase VII is approved – theoretically this would be sometime in mid 2009. Sandy Dimke asked if Phase VII would be subject to all current Bull Point Covenants and Restrictions and ARB Guidelines. Don affirmed that it is the Developer's plan to integrate this Phase into Bull Point. Therefore, these lots would be subject to the same rules as previous phases. Bill Wehmer noted that the maximum number of homesites would therefore be 293 (249+44). Don acknowledged that this number was correct. Russ Dimke pointed out that Bull Point Covenants allow for a maximum of 300 homesites. Lex Alperin asked when the new lots would begin paying dues. Don responded that as soon as these lots become marketable and the first one is sold, then the Developers would begin paying dues on Phase VII lots. Mr. Alperin questioned why the Developers have control yet have far less than 50% of the lots. Don and Stan noted that Developers typically maintain control even if they only have one Developer lot remaining. Russ Dimke pointed out that this is clearly spelled out in the Covenants.

Stan Kirkland summarized the **Status of the remaining development plans**. He noted the Developers have financing to provide funds to complete Lake Pocatigo in conjunction with Phase VII, work on Lake Izard and complete the landscaping and fire suppression system for the Clubhouse. A financial loan commitment has been reached with a local bank which is expected to close within the next couple of weeks. When this occurs, the Board will meet and the Developers will set a specific time frame when they will complete each of these projects. For example, Stan has a team in place to start completion of Lake Pocatigo within 30 days after the loan closes. Once begun, this project is expected to be completed in thirty days. Work on Lake Izard will follow assuming the impacted lot owners have agreed to the plan. The completion of Big Bull Island roadway will also occur in the next sixty days.

Stan Kirkland proceeded to the **Election of the Board Members for 2008**. Don Barrett and himself are appointed by committee but two elected positions filled by property owners needed to be filled. One is a voting member/secretary of the POA while the other is a non-voting POA representative. The floor was open for nominations. Ron Lambe nominated Russ Dimke to continue as the voting member of the Board. No other nominations were made and Mr. Dimke was voted in as Secretary of the Board. Ron Lambe then nominated Jay Coleman to replace him as the non-voting member. No other nominations were made and Mr. Coleman was voted in as the second POA representative.

Both Ron Lambe and Russ Dimke asked the membership to consider becoming involved with the POA Board by auditing Board meetings. Russ requested anyone interested to contact him, Jay or Ron. Stan also invited any interested candidates to attend all Board meetings if they wish.

Stan Kirkland presented an additional item not on the formal agenda – **The continuation of our community service of trash pickup on Old Sheldon Church Road by the**

**POA.** Dick Lovett responded that the maintenance staff currently picks up trash on that road about every two weeks. The annual cost is less than \$2000. A motion was made to continue this trash pick-up by the Bull Point Maintenance Staff. The motion was seconded and approved.

Don Barrett acknowledged the contribution made by the property owners on the ARB: Sandy Dimke and Wayne Cousar, as well as the POA representative: Russ Dimke and Ron Lambe.

The meeting was adjourned.

Minutes prepared and submitted by:  
Russ Dimke  
*Secretary, Bull Point POA*  
November 25, 2007