

**SHIPYARD PROPERTY OWNERS' ASSOCIATION ANNUAL MEETING MINUTES
MARCH 15, 2019**

1. Roll Call

President Kevin McMahon called the 2018 Annual Meeting of the Shipyard Property Owners' Association to order at 4:03 p.m. and reported that a quorum had been established. The total represented by proxy or attendance was 1284 or 61%.

2. Welcoming Remarks

Mr. McMahon welcomed the attendees and spoke briefly regarding the strategies, objectives and accomplishments of the current Board of Directors and Association committees throughout the past year. He recognized the current Board of Directors, the Executive Committee, the members of the newly elected Board and the representatives from the major commercial entities within the property. He went on to thank the members of all of the various Association committees, and he complimented all of the staff members on their annual performance. He recognized the landscaping contractor and commended their staff for the continued improvement in the overall condition of the property. He also thanked legal counsel and accounting personnel for their contributions throughout the year. He went on to ask everyone to silence their phones and made an announcement that there would be an update on ongoing Hargray work at the end of the meeting.

3. Review of Prior Minutes

Mr. McMahon entertained a motion to dispense with the reading of the prior minutes. A motion was made to waive the reading of the prior minutes and to approve them as written. The motion was seconded and passed.

4. Financial Report

Mr. McMahon expressed his thanks to the members of the Finance Committee and commended the group for their commitment to SPOA's goals. He reviewed the Sources of Revenue for the Association and reported that \$2,707,892.28 was received in 2018 of which 69% was from assessments, 13% for decal sales, and the balance for vending, interest and other various categories. Major expenses included Security at 50.5%, Administration at 21%, Landscaping at 9%, Beach Club at 4%, General Maintenance at 3%, Enhancement Expenses at 3.5% and Capital Reserve Expenses at 9%. He commented that the Enhancement Fund was one of the best programs developed for the Association, and highlighted how the 13-year average of over \$117,000 annually benefits the community. It was noted that a total of \$1,525,396.27 was collected in Enhancement funds over the past 13 years.

Mr. McMahon then reviewed an area-wide assessment comparison, noting that SPOA's assessment fee continues to be among the lowest in the area. He also stated that the Association has accumulated \$519,960.04 in Catastrophic Reserve even after storm clean-up costs. It was noted that 2018 ended with a net gain of \$196,998.69. In closing, he emphasized that Shipyard is well maintained and without additional assessments even following a major storm clean-up process. He thanked all Board Members, other Association volunteers, and the staff for consistently doing their part in making Shipyard a better place.

5. Manager's Report-Sally Warren, General Manager

Mrs. Warren reported that weather related events were a common theme in the summary of the 2018 operations. She stated that the year was marked by a series of insurance claims, including: removal of debris from tropical storms, a hail storm that damaged the entire communications system in the Welcome Center, and an even more bizarre incident when a patrol car caught on fire from the friction of pine straw trapped around the engine. But as much as these were a disruption

of normal operations, she reported that Shipyard and Hilton Head were again spared the horrendous flooding caused by Hurricane Florence that devastated parts of the upper state and North Carolina.

In addition to the challenges of weather, Mrs. Warren stated that the challenges of attracting personnel was another storm brewing for all Island businesses last year. The trifecta of long commutes, skyrocketing rent costs, and plenty of work off Island, made all businesses aware of the realities all of Hilton Head is facing with labor shortages. She mentioned that Shipyard, with the support of the Board, has managed to maintain excellent benefits and above average wages to keep staff in place and familiar faces in the POA operations. She went on to report on the retirement of Chief Brian Pettersen, and commented on the smooth transition process. She also reported on the relocation of longtime ARB Chairman Mike Wallis, and noted her appreciation for his replacement, resident Joe Strivieri. In closing, she stated that 2018 was a banner year in real estate sales with operations within budget, a less than 1% receivable and a thriving community that also gets to enjoy a great south Island location and the most prized amenity, the beach.

6. Guest Speakers-Bill Miles, President & CEO of the Hilton Head Island-Bluffton Chamber of Commerce

Mr. Miles addressed the attendees regarding the goals and accomplishments of the Hilton Head Island-Bluffton Chamber of Commerce over the past few years. He detailed statistics regarding area tourism initiatives, related occupancy rates, economic drivers, and visitor patterns and spending trends. He went on to discuss the growing rates of jobs created by Island tourism, noting that tourism on Hilton Head now accounts for over 15.6% of all jobs in Beaufort County. He then discussed ways to maintain positive momentum, noting how strong business collaboration and media partnerships have contributed to success. In closing, he mentioned several awards and accolades that Hilton Head has recently earned as a premier destination and discussed strategies to ensure future attainment for years to come.

7. Awards/Presentations

Joe Strivieri was recognized by President Kevin McMahon as the *Community Spirit Award* winner for his extraordinary efforts in project work for construction and filling important shoes as the volunteer ARB Chairman. A *One of the Best Award* was presented to Paul Stemzyski for his efforts on the Community Pride Committee, and for being diligent about reporting compliance issues throughout the property. A *One of the Best Award* was also presented to the Island Turtle Trackers for their efforts with sea turtle education and awareness initiatives.

Mrs. Warren also recognized landscaping, accounting, and legal personnel for their efforts to ensure the Association's successful operations throughout the year. Prior to the question and answer period, the owners enjoyed a video highlighting the social events and sense of community within Shipyard in 2018.

8. Q & A

A brief question and answer period was held. Questions were raised about the status of the units damaged in the Beachwalk fire, upkeep of cable/electrical boxes in common areas, beach access/walkway improvement ideas, airport noise control ordinances as per the County/Town, deck access at the Beach Club, and bike path paving needs.

9. Adjournment

It was moved, seconded and approved to adjourn the meeting at 5:07 p.m. Owners were invited to enjoy a social immediately following the meeting.