

**BYLAWS  
OF  
FRIPP ISLAND PROPERTY OWNERS ASSOCIATION  
EFFECTIVE JANUARY 22, 2019**

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## **ARTICLE I. NAME AND OFFICES**

The name of the corporation is Fripp Island Property Owners Association, a South Carolina nonstock, nonprofit corporation, organized under the Laws of the State of South Carolina, hereinafter referred to as the Association. The principal office of the Association is in the County of Beaufort, State of South Carolina at 225 Tarpon Boulevard, Fripp Island, South Carolina 29920. The Association may have such other offices, either within or without the State of South Carolina, as the Board of Directors may designate or as the business of the Association may require from time to time.

## **ARTICLE II. PURPOSE**

The purpose of the Association is to preserve and enhance the general welfare, security, privacy and appearance of Fripp Island. To this end, the Association must maintain open lines of communications with the Members, relevant governmental agencies, other associations, the owners of businesses, and the owners of the amenities on Fripp Island. The Association will act in accordance with and under the provisions of the South Carolina Nonprofit Corporation Act of 1994, as amended.

## **ARTICLE III. MEMBERS**

### **Section 1. Members.**

A property owner is automatically a Member of the Association and shall remain so for the entire period of ownership. In the event an owner is a corporation, partnership, trust or other legal entity (other than a natural person) any officer, director, shareholder, agent, trustee or beneficiary can be designated to represent such entity in the affairs of the Association. The designated person shall be the person receiving and exercising the voting right for that property.

A Member in good standing is an owner who has no delinquent assessments and no outstanding fines on all properties owned by said owner in his or her name or in the name of a legal entity of which they are an officer, director, shareholder, agent, trustee or beneficiary. Assessments pending resolution in a court of law are not delinquent if such assessments have been paid into escrow.

A Member qualifies as a Resident Member if the Member's primary residence is located on Fripp Island as demonstrated by proof of any of the following: 1) a South Carolina Driver's License bearing the Member's Fripp Island address; 2) a Voter Registration Card indicating that the Member is registered to vote in Beaufort County and bearing the Member's address on Fripp Island; or 3) a copy of a filed Federal Income Tax form which indicates the Member's Fripp Island address as the Member's residence. All other Members are Nonresident members of the Association. NOTE: the Director class of 2020 and 2021 will continue to be governed by the residency definition included in the March 11, 2017 Bylaws.

### **Section 2. Voting Rights of Members.**

A Member has one vote for each paid assessment, as long as all of their property(s) is in good standing (no outstanding fines). Where there are two or more owners of a single property, only one owner can exercise the voting right of the property. Commercial properties and properties in abeyance have no voting rights.

**Section 3. Annual Meeting.**

The Annual Meeting of the Members is to be held in January each year, starting in 2020, at a time and place determined by the Board of Directors. The purpose of the meeting is to introduce the newly elected Directors, for the presentation of reports from the President, Treasurer, Directors, and the General Manager and to conduct such other business as may properly come before the meeting.

**Section 4. Special Meetings.**

Special meetings of the Members, for any purpose or purposes, may be called by the President or by a majority of the Board of Directors and must be called by the President at the request, through petition, of not less than one hundred or more Members of the Association. The agenda for such Special meeting is limited to the consideration of only those matters for which the meeting is called.

**Section 5. Place of Meetings.**

The President may designate any place, within the County of Beaufort, State of South Carolina, as the place of meeting for any Annual Meeting or any Special Meeting of the Members. If no designation is made, the place of the meeting is the office of the Association in the State of South Carolina.

**Section 6. Notice of Annual and Special Meetings.**

Written notice stating the place, date and hour of an Annual or Special meeting and the purpose or purposes for which the meeting is called, must be delivered, mailed or emailed not less than ten calendar days nor more than sixty calendar days before the date of the meeting by United States mail or by email, to each Member entitled to vote at such meeting.

It is the obligation of every Member to notify the Association in writing of any change of mailing address or email address in order to receive notifications of meetings and other matters.

If notice is mailed to the Member at the address as it appears on the books of the Association by first class United States mail, such notice is deemed to be delivered five days after its deposit for delivery. If notice is emailed to the address as it appears on the books of the Association such notice is deemed to be delivered at the time sent.

**Section 7. Quorum.**

Ten percent of the assessed properties must be represented at a meeting of Members to constitute a quorum on that matter. Those Members in good standing (in person or by proxy) constitute a quorum at a Meeting of the Members. Those Members present, (in person or by proxy), may transact business until adjournment, notwithstanding the withdrawal of Members from such meeting.

**Section 8. Majority of Quorum.**

Any action taken at a Meeting of the Members of the Association must be by a majority of the quorum of the Members in good standing unless otherwise provided in these Bylaws.

**Section 9. Proxies.**

At all meetings of Members, a Member in good standing may vote in person or by proxy executed in writing and signed by said Member or by his or her duly authorized attorney in fact. Such proxy must be filed with the Secretary of the Association before or at the time of the meeting. No proxy is valid after eleven months from the date of its execution unless otherwise

provided in the proxy. Proxies may be delivered in person, by US Mail, by facsimile, or by scanned copy via email. Only Members in good standing may hold and vote proxies for others.

Ownership held in the name of a corporation, partnership, trust or other entity (other than a natural person) may be voted by the designated officer, director shareholder, agent, trustee or beneficiary in person or by proxy, provided said entity is a Member in good standing.

**Section 10. Conduct of Meeting.**

All meetings of Members are governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these Bylaws or the South Carolina Nonprofit Corporation Act of 1994, as amended.

**Section 11. Member Action without a Meeting.**

Members shall have the power to approve or reject certain actions by ballot. Any action that may be taken at an Annual or Special Meeting of the Members may be initiated by petition pursuant to Article III, Section 4 and voted on pursuant to Sub-Article B of Article VII.

**ARTICLE IV. BOARD OF DIRECTORS**

**Section 1. Number, Tenure, and Qualifications.**

The number of Directors of the Association is ten persons, each of whom must be a Member in good standing. Spouses, domestic partners, and co-owners of Members in good standing may serve on the Board provided no Member and their spouse, domestic partner, or co-owner serve at the same time.

The term of office of a Director is three years, and each Director is eligible to serve no more than two full terms as a Director.

Five members of the Board of Directors are to be chosen from the Resident Members of the Association, and five members of the Board of Directors are to be chosen from the Nonresident Members of the Association. Should a change occur in a Board Member's Fripp Island residency classification, and there is less than 6 months until the next election, such Board member shall cease being on the Board of Directors at the completion of the current year. If there is greater than 6 months until the next election, the Election Committee will oversee a Special election for the remainder of the vacant term. The Board member will cease being on the Board when the Special election is completed, and a new Board member is determined.

**Section 2. Vacancies.**

Any vacancy occurring in the Board of Directors shall be filled by the following process:

- If there is 6 months or less until the next election, the Board of Director vacancy shall be unfilled and will be filled as an additional candidate election for the remainder of the term (if zero years left on the vacant term, than nothing additional is required).
- If there is greater than 6 months until the next election, the Election Committee will oversee a Special election for the remainder of the vacant seat term. They will have 75 days to recruit new Board candidates and conduct the election.

A Director elected to fill a vacancy shall serve the remaining unexpired term of his or her predecessor in office. Any replacement Director may run for election at the expiration of his or her replacement term and will be subject to the term limitations stated in Section 1 of this Article,

except that if the replacement term is over one year, then he or she is eligible to be elected to only one three-year term.

### **Section 3. Removal of Directors.**

A Director may be removed by a two-thirds vote of the Members of the Association present, in person or by proxy, and voting at a Special or Annual Meeting of the Members, provided notice and purpose of such meeting is given to the Members. (See Section 5, below for the automatic removal of a Director for failure to attend four meetings.)

### **Section 4. Powers and Duties.**

The business and affairs of the Association are directed and overseen by its Board of Directors. The Board of Directors has the powers and duties necessary to ensure the provision of security for the Members, to administer the affairs of the Association and to oversee the management of the operation and maintenance of its property. In general, the Board of Directors has the responsibility to oversee the administration of the Association and, subject to the provisions of these Bylaws and the South Carolina Nonprofit Corporation Act of 1994, and other governing documents as amended, to do all of those things necessary and reasonable to carry out the governing and ensure the operations of the Association. Such powers and duties of the Board of Directors include, but are not limited to, the following:

- a) To establish, make and enforce compliance with such rules, regulations, and policies as may be necessary for the operation and use of all of the property owned by or under the control of the Association and governing access to Fripp Island, with the right to amend the same from time to time. The power to enforce compliance with such rules, regulations, and policies includes the power to set a fine or other penalty for the violation of such rules, regulations and policies. A copy of such rules, regulations and policies and amendments thereto must be delivered, mailed or emailed to each Member upon the adoption thereof and posted on the Association's website.
- b) To incur such costs and expenses as may be necessary to maintain security on Fripp Island, and to keep in good order, condition and to repair and replace roads, bridges, crossovers, lagoons, bike paths, parks and property on Fripp Island owned by or under the control of the Association.
- c) To obtain and maintain all insurance for the Association required or otherwise deemed advisable from time to time by the Board of Directors. See also Article XIII.
- d) To prepare and adopt a budget for the Association in a manner sufficient to determine the amount of the annual and special assessments needed and sufficient to meet the operating expenses and reserves of the Association.
- e) To fix the amount of the annual assessment and any special assessment against the property of each Member. See Article VIII.
- f) To set, by resolution, the spending authority of the General Manager.
- g) To borrow funds to pay for any expenditure or outlay required and to execute all such instruments evidencing and securing such indebtedness as the Board of Directors may deem necessary, subject to the authority granted by the provisions of these Bylaws. The persons who shall be authorized to execute promissory notes, security instruments and pledges of collateral on behalf of the Association are: (a) the President or Vice President, Treasurer and (b) Secretary.

- h) To establish bank or other investment accounts for the separate deposit of the funds of the Association.
- i) To hold regular meetings at least 6 times yearly and to do so at the time and place established by the Board of Directors.
- j) To hold a minimum of 2 Member Town Hall meetings during each calendar year. The purpose of these meetings will be to solicit input from the Members and to present items for open discussion (e.g., FIPOA Strategic Plan updates).
- k) To cause all officers and employees having financial responsibilities to be bonded, if and as it may deem appropriate and economically feasible/practical.
- l) To employ the services of a General Manager and to delegate such duties to the General Manager as set forth in Article VI. Provided, however, when so delegated, the Board of Directors is not relieved of its responsibilities for such duties under the Articles of Incorporation of these Bylaws.
- m) To appoint, with the recommendation of the President, after consultation with the General Manager, a sufficient number of Members to the following standing committees:
  - Appeals
  - Elections
  - Finance
  - Roads, Drainage & Bridges
  - Shoreline
  - Wildlife, Environment, and Grounds

At the time a standing committee is created by the Board of Directors, the purpose, authority, scope, members, and power of the committee must be stated in the establishing resolution. The purpose, authority, scope, and power of the committee may be changed from time to time by the Board of Directors. At least two Directors must serve on each of the standing committees.

- n) To establish, and make appointments of Members to task forces and commissions deemed necessary to conduct the affairs of the Association. The appointments are to be made upon the recommendation of the President, after consultation with the General Manager, and with the advice and consent of the Board of Directors. The purpose, authority, scope, members, and power may be changed from time to time by the Board of Directors. The Directors may serve on the task forces. The task force will solicit input from and provide updates to the community as needed.
- o) To purchase and sell real and personal property and to enter into such real and personal property leases as may from time to time be in the best interests of the Association.
- p) To employ the services of a certified public accountant.
- q) To employ the services of an attorney at law.
- r) To review the Board of Directors Strategic Plan annually.

### **Section 5. Regular Meetings.**

Regular meetings of the Board of Directors are, subject to the provisions of Article X (Executive Session), open to the Members and are held without other notice than the schedule of meetings



approved by the Board of Directors. The Board of Directors must provide, by resolution, the time and place for the holding of its regular meetings, without other notice than such resolution. Such notice must be posted on the Association's website. Such time and place may be changed upon two weeks' notice posted on the Association's website. Provided, however, the President, upon polling the Board of Directors, may cancel a regular meeting when it is deemed unnecessary to have the meeting. Immediately following the decision to cancel a regular meeting, notice of such cancellation must be placed on the Association's website.

Members of the Board of Directors are required to attend four regular meetings of the Board of Directors in person or using video conferencing each year. In addition, the Board of Directors should attend the Annual Meeting of the Members. A Director who fails to attend the required meetings is automatically removed from the Board of Directors, and a successor will be appointed in accordance with Section 2 of this Article. The year for determination of attendance begins January 1.

#### **Section 6. Special Meetings.**

Special meetings of the Board of Directors may be called by or at the request of the President or by a majority of the Board of Directors. When the Special meeting is called, the President must give notice of the meeting to the Board of Directors and the Members not less than five calendar days nor more than sixty calendar days of the date of such meeting. Special meetings of the Board of Directors are, subject to Article X, open to the Members.

#### **Section 7. Notice of Special Meeting.**

Notice of any Special meeting of the Board of Directors must be given to the Board of Directors and the Members not less than five calendar days nor more than sixty calendar days prior thereto by written notice delivered personally or by United States mail or by email to each Director and Member at his or her designated address. In addition, such notice must be posted on the Association's website.

If mailed by United States mail, such notice is deemed to be delivered five calendar days after its deposit in the United States mail, addressed to the Director and Member at his or her address as it appears on the books of the Association, with first class postage thereon. If notice is given by email addressed to the address on the books of the Association such notice is deemed to be delivered at the time sent.

Any Director may waive notice of any meeting. The attendance of a Director at a meeting constitutes a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully or properly called or convened.

#### **Section 8. Agenda of Regular Board of Directors Meeting.**

The agenda of all regular meetings of the Board of Directors shall be set by the President and the General Manager, shall be distributed at least five calendar days before the meeting to the Board of Directors and to the Members and shall include an opportunity for Member comments and questions. Changes to the agenda can be made following Roberts Rules of Order.

#### **Section 9. Video Conferencing and Telephone Meetings.**

Members of the Association, members of the Board of Directors, or any Member of a committee or board designated by the Board of Directors may participate in any meeting of the Board of Directors, or committee, by means of conference telephone, video conferencing, or similar

communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation constitutes presence at the meeting.

**Section 10. Quorum.**

Six or more Directors constitutes a quorum for the transaction of business at any meeting of the Board of Directors. If fewer than six Directors are present, another meeting date shall be set with notice as provided in Section 7. Once a quorum has been established at the beginning of a meeting, no further calls for the determination of a quorum may be heard.

**Section 11. Manner of Acting.**

Unless otherwise stated in these Bylaws, the action of the majority of the Directors, voting at a meeting at which a quorum has been established, constitutes an action of the Board of Directors.

**Section 12. Presumption of Assent.**

A Director who is present at a meeting of the Board of Directors at which action on any Association matter is taken is presumed to have assented to the action taken unless her or his dissent is entered in the minutes of the meeting.

**Section 13. Rules of Conduct for Meetings.**

The Board of Directors has the authority to establish such rules of conduct and procedures for the participation of Members at its meetings, as it may deem advisable from time to time. Such rules of conduct and procedures must be approved by at least six members of the Board of Directors.

**Section 14. Conduct of Meeting.**

All meetings of the Board of Directors are governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these Bylaws or the South Carolina Nonprofit Corporation Act of 1994. As amended

**Section 15. Action without a Meeting.**

Action may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a majority of the Directors, unless such action requires a greater number of affirming Directors under these Bylaws. Any action taken without a meeting will be communicated to the Members within 3 business days.

**Section 16. Compensation.**

A Director shall not be paid a salary for serving in that capacity or reimbursed for expenses incurred for the attendance of meetings of the Board. However, a Director may be reimbursed, upon request and with prior approval of the President, for expenses for attendance at workshops that are directly related to the operation of the Association. The President would need to receive prior approval from the Vice President and the Head of the Finance Committee for expenses that may be incurred when attending a workshop.

**Section 17. Limitations of Power.**

Neither the Board of Directors nor any of its members may in any manner be involved in the appointment or removal of any Association administrative officers or employees whom the General Manager or any of his or her subordinates are empowered to hire or appoint.

No member of the Board of Directors is permitted to supervise or discipline Association administrative officers and employees who are subject to the direction and supervision of the

General Manager, except through the General Manager. Neither the Board of Directors nor any of its members shall give orders to any such officer or employee, either publicly or privately. It is recognized that Board members are working and cooperating with said officers and employees on committees or other circumstances where it would be appropriate to have reasonable dialogue and communications. If these Limitations of Power are not followed, the offending Director may be subject to removal (see Article IV, Section 3).

No member of the Board of Directors shall be employed as General Manager of the Association during the term for which he or she has been elected. However, such officers may serve on a temporary basis, without compensation, as set forth in Article VI Section 4.

#### **Section 18. No Waiver of Rights.**

The omission or failure of the Association, the Board of Directors, any committee or board appointed by the Board of Directors, the General Manager, any Member or property owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Articles of Incorporation, these Bylaws or the rules, regulations, and policies adopted pursuant hereto, shall not constitute or be deemed a waiver, modification or release thereof. The Board of Directors, the General Manager, such committees or boards appointed by the Board of Directors or any Member or property owner shall have the right to enforce the same thereafter.

#### **Section 19. Board of Directors Code of Conduct.**

The Association recognizes the contribution made by its voluntary Board members. To assist the Board members in their work and to protect the interests of the Association, the Association expects its Board members to adhere to the following Code of Conduct.

Board members will:

1. Serve the best interests of the Association as a whole regardless of their personal interests.
2. Actively participate by making Board meeting attendance a priority and being prepared to discuss the issues and business on the agenda.
3. Use sound judgment to make the best possible business decisions for the Association, taking into consideration all available information, circumstances, and resources.
4. Act within the boundaries of their authority as defined by law and the governing documents of the Association.
5. Perform their duties without bias for or against any individual or group of owners.
6. Make every effort to support all duly adopted Board decisions—even if the Board member was in the minority regarding actions that may not have obtained unanimous consent.
7. Will identify and disclose to the Board of Directors when they or a family member, is involved with or has any form of personal conflict, directly or indirectly, associated with any issue, financial or otherwise, that is brought before the Board for their consideration.
8. When a conflict is identified, recuse themselves from the issue entirely and leave the meeting room until such issue is no longer being discussed or considered.

Board members will not:

1. Intrude on administrative issues that are the responsibility of management, except to monitor the results and ensure that procedures are consistent with Board policy.
2. Use their positions or decision-making authority for personal gain or to seek advantage over another member.
3. Spend unauthorized Association funds.
4. Intentionally misrepresent known facts in any issue involving Association business.
5. Divulge personal information about any Association Member or employee that was obtained in the performance of Board duties.
6. Make personal attacks on colleagues, employees or Members.
7. Reveal to any Member or other third party the discussions, decisions, and comments made at any meeting held in Executive Session.
8. Vote on any transaction where a conflict of interest has been declared and refrain from speaking, regarding the issue, at the meeting while the issue is being discussed.

Failure to adhere to this Code of Conduct may result in the removal of the offending Director (see Article IV, Section 3).

## **ARTICLE V. OFFICERS**

### **Section 1. Number.**

The officers of the Association are a President, a Vice President, a Secretary, and a Treasurer, each of whom is elected by the Board of Directors from its members. Such other officers as may be deemed necessary may be elected by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President, Vice President, Treasurer, and Secretary. The officers of the Association shall be persons of the age of eighteen years or older.

### **Section 2. Election and Term of Office.**

To provide continuity, prior to the Annual Meeting the officers of the Association shall be elected by the Board of Directors in Executive Session. Officers so elected will be announced at the Annual Meeting and will serve starting immediately after the Annual Meeting. Each officer so elected is to hold office until his or her successor has been duly elected and qualified or until his or her death or until he or she resigns or has been removed in the manner herein provided. Only newly elected Board members and current Board members whose terms are not expiring can vote for officers in this Executive Session.

### **Section 3. Removal.**

Any officer may be removed by vote of a majority of the Board of Directors, plus one, whenever, in its judgment, the best interests of the Association will be served thereby.

### **Section 4. Vacancies.**

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be elected by the Board of Directors for the unexpired portion of the term.

### **Section 5. President.**

The President:

- a) Presides at all meetings of the Board of Directors and all meetings of the Members and has the right and privilege to vote as any other member of the Board of Directors.

- b) Sees that orders, motions, and resolutions of the Board of Directors are carried out and signs all leases, mortgages, deeds, promissory notes and other written instruments with the Secretary of the Association.
- c) Supervises the preparation of the agenda for all meetings of the Board of Directors and the Members.
- d) Performs or delegates to a committee of the Board of Directors an annual review of the performance of the General Manager and reports such findings to the Board of Directors in an Executive Session.
- e) Acts as a contact for the Board of Directors with the General Manager.
- f) Performs such other customary duties incident to the office of President.

**Section 6. Vice President.**

The Vice President:

In the absence of the President or in the event of the President's death, inability, or refusal to act, the Vice President must perform the duties of the President, and when so acting, has all the powers and duties of, and is subject to all the restrictions upon, the President. The Vice President performs such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

**Section 7. Secretary.**

The Secretary:

- a) Is responsible for the keeping of the minutes of the proceedings of the Members and of the Board of Directors. The taking and preparation of minutes may be by a clerk of the meeting, appointed by the Board of Directors. The content of the minutes of meetings shall be set by the Board of Directors.
- b) Sees that all notices are duly given in accordance with the provisions of these Bylaws.
- c) Is custodian of the Association's records and of the seal of the Association and sees that the seal of the Association is affixed to all documents when required. In regard to the Association's records, sees that all appropriate records are open for inspection in accordance with South Carolina law. A Member in good standing may inspect and copy the records upon written notice at least five business days prior thereto provided such request is made in good faith and for a proper purpose. The Association may impose a charge for labor and copies of documents so provided. The written notice shall set forth the purpose and the records sought to be reviewed and are limited to:
  - i. The minutes of any Board meeting.
  - ii. Records of a committee, taskforce, or agency of the Board.
  - iii. Minutes of meetings of the Membership and records of action by the Membership without a meeting.
  - iv. Accounting and other corporate records of the Association in accordance with South Carolina law.
- d) Sees to the keeping of registers of the mailing address and email address of each Member, which are furnished to the Secretary by such Member.

- e) Signs all leases, mortgages, deeds, promissory notes and other written instruments with the President of the Association.
- f) In general, performs all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

**Section 8. Treasurer.**

The Treasurer:

- a) Has charge and custody of and is responsible for all funds and securities of the Association.
- b) Sees that all moneys due and payable to the Association from any source whatsoever are received, properly accounted for, and then deposited in the name of the Association in such banks, trust companies or other depositories as selected in accordance with the provisions of Article IX of these Bylaws.
- c) In general, performs all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.
- d) The Treasurer has authority to delegate responsibility he or she deems appropriate to the Association Staff subject to Board approval.

If required by the Board of Directors, the Treasurer may be bonded for the faithful discharge of these duties in such sum and with such surety or sureties as the Board of Directors shall determine, such bond to be at the expense of the Association.

**ARTICLE VI. GENERAL MANAGER OF THE ASSOCIATION**

**Section 1. Employment of a General Manager.**

The Board of Directors must employ a General Manager and establish his or her compensation.

**Section 2. Terms of Employment and Compensation of General Manager; Removal of General Manager by Board of Directors.**

The term of employment of the General Manager is at the pleasure of the Board of Directors or it may, in its discretion, employ the General Manager for a definite term. The General Manager is entitled to receive such compensation for services as the Board of Directors may determine. An Executive Compensation Committee consisting of the Association's President, Vice President, Secretary, and Treasurer shall set the General Manager's salary after annual review subject to Board approval. If the Board of Directors determines to remove the General Manager, whether serving at the pleasure of the Board of Directors or for a definite term, he or she must be given a written statement (notice of removal) of the reasons alleged for the proposed removal. In this event, the General Manager has the right to a public or private hearing before the Board of Directors. At the discretion of the Board, the General Manager may be placed on administrative leave during this process. The vote of the Board of Directors to remove the General Manager must be by six or more members of the Board of Directors.

The General Manager may file with the Board of Directors a written request for a public or private hearing within five calendar days after receiving notice of removal. This hearing must be held by the Board of Directors not earlier than ten calendar days nor later than twenty calendar days after the request is filed. The General Manager may file with the Board of Directors a written reply to the notice of removal not later than five calendar days before the hearing.

### **Section 3. Responsibilities of General Manager.**

The General Manager performs all duties customarily incident to the office of the General Manager. The General Manager Job Description shall be posted on the Association website and available to all Members.

### **Section 4. Absence, Disability, or Removal of General Manager.**

In the absence, disability, removal, resignation or vacancy in the position of the General Manager, the Board of Directors may appoint one or more, members of the Board of Directors, or any other person to perform any or all of the duties of the General Manager. In said event, such person or persons shall have the authority to carry out said duties. If appointed, members of the Board of Directors shall serve without compensation. Non-Board members may receive compensation as determined by the Board.

## **ARTICLE VII. DIRECTOR ELECTIONS AND VOTING ON ISSUES AND SPECIAL ASSESSMENTS**

### **Section 1. Elections Committee.**

There will be a standing Election Committee appointed by the President and the Board of Directors consisting of seven Members of the Association, two of whom must be members of the Board of Directors. The President is to designate one of the members of the Elections Committee from the Board of Directors to act as chair. The committee must be made up of resident and nonresident Members. The names of the Election Committee shall be posted on the Association's website, within a reasonable time after appointment. **The election schedule for March 2019 will not be affected by this revision. The residency requirements, candidate selection, and petition nomination process for the March 2019 election will be governed by the Bylaws in place on January 22, 2019.**

- a) The Board of Directors must inform the Elections Committee of the number of Directors to be elected and the class year of such number. The class year is the year in which the term of the Director ends.
- b) Between September 1 and October 15, the Elections Committee will accept completed nominee forms from potential Director Candidates. Each nominee must complete the nominee form, including an affidavit certifying the address that is their primary residence, a copy of their Driver's License, Voter Registration Card, or Federal Tax Return showing their home address to continue in the election process. The blank nominee form will have been created and issued by the Elections Committee and approved by the Board of Directors. All nominees' residency classification must match that of the Director positions being filled. To continue in the election process, a nominee must be a Member in good standing. There will be no limit to the number of nominees for open Director positions. All nominees' residency classification and Membership in good standing will be verified by the General Manager.
- c) The Elections Committee will prepare a list of nominees that meet the requirements for the open Director positions, in accordance with the number of open positions and class year, as advised by the Board of Directors. The list of nominees, with class year, must be posted on the Associations' website.

On or before November 1, The Elections Committee will submit to the Board of Directors the final list of all nominees, who meet the requirements along with completed nominee forms with class year.

## **SUB-ARTICLE A. ELECTIONS**

### **Section 1. Duties.**

The General Manager must establish an election schedule, to include the date the ballots for the election of Directors will be counted (the date of election), giving due consideration to the notice and scheduling requirements stated below, and submit such date of election to the Board of Directors on or before October 31<sup>st</sup>. The General Manager must also include in the report its voting rules and election procedures as required in Sections 2 and 3 of this Sub-Article A and the nominee form to be completed by each nominee.

### **Section 2. Voting for Directors.**

It is the responsibility and duty of the General Manager to see to the preparation and provision of the ballots and the adherence to the voting rules.

- a) Voting must be by sealed or electronic ballot provided to Members not less than three weeks prior to the date of the election.
- b) Only Members in good standing at the announced start date of balloting are eligible to vote.
- c) Electronic and mailed ballots must be made available to Members together with the following information:
  - i. A completed nominee form for each nominee.
  - ii. Instructions for executing the ballot, including the deadline date for the return of mailed ballots or submission of electronic ballots.
  - iii. For mailed ballots, a pre-addressed return envelope will be provided with the Member's property address indicated on the outside of the envelope. Members will mail or submit completed ballots directly to an independent outside party. Electronic and mailed ballots will be verified and tallied by independent outside parties.
- d) The General Manager must use the voting rules and election procedures for verifying the validity of each ballot received and for protecting the anonymity of the voter.

### **Section 3. Determination of Voting Results.**

The General Manager, or the Board at its discretion, will fill the vacating Director seats with those qualifying nominees with the highest numbers of votes. "Qualifying" means only resident nominees may fill vacating resident seats, and only nonresident nominees may fill vacating nonresident seats. In the case of a tie, the Board President will toss a coin to determine the winner. The nominees so selected are deemed elected to the Board of Directors effective on January 1 and the incumbents for the seats filled will cease being Directors. The General Manager shall announce all election results and vote counts within two business days of Director Elections. The number of invalid ballots will also be reported.



## **SUB-ARTICLE B. VOTING ON ISSUES, SPECIAL ASSESSMENTS, AND AMENDMENTS**

### **Section 1. Voting on Issues, Special Assessments, and Amendments.**

Voting on issues, special assessments and amendments submitted to the Members is conducted by the General Manager. The rules of such voting are as follows:

- a) Voting must be by sealed or electronic ballot, provided to Members not less than three weeks prior to the date the ballots will be counted.
- b) Only Members in good standing as of the start date of the balloting are eligible to vote.
- c) Ballots must be provided to the eligible Members together with the following information:
  - i. A concise explanation of the issue(s).
  - ii. Instructions for executing the ballot, including the deadline date for the return of mailed ballots or submission of electronic ballots.
  - iii. For mailed ballots, a pre-addressed, return envelope with the Member's property address indicated on the outside of the envelope. Members will mail or submit completed ballots directly to an independent outside party. Electronic and mailed ballots will be validated by independent outside parties.
- d) The Association must use its voting rules and election procedures for verifying the validity of each ballot received and for protecting the anonymity of the voter. Such procedures are the same as submitted to the Board of Directors with its October 31 report for approval by the Board of Directors or submitted subsequently to such date for approval.

### **Section 2. Determination of Voting Results.**

The Board of Directors has the power and authority to determine the validity of ballots; it also has the authority to delegate this power to the General Manager. The count of the ballots of the Membership to change the Bylaws of Association shall be conducted by an outside auditor appointed by the Board.

- a) For an issue or amendment to be approved, there must be at least a two-thirds affirmative vote of all the valid ballots received and counted. To determine the two-thirds threshold, multiply the total of the counted ballots by 2 and divide by 3. Drop any remainder. The affirmative vote must meet or exceed this number.
- b) For a Special Assessment or Special Assessment for Disaster to be approved, there must be a majority affirmative vote of all the valid ballots received and counted. To determine the majority threshold, divide the total of the counted ballots by 2. Drop any remainder. The affirmative vote must meet or exceed this number.
- c) The General Manager shall announce all vote counts within two business days of close of balloting. The number of invalid ballots will also be reported.

## **ARTICLE VIII. ASSESSMENTS AND FEES**

### **Section 1. Annual Assessments.**

Annual assessments are imposed on three categories of property or privileges:

- a) Residential dwelling units and platted residential buildable lots.
- b) Amenities, including without limitation, the golf courses, the restaurants, the tennis courts, swimming pools, and all other similar amenities used and enjoyed by the property owners and their guests; and such other amenities as may be created or added hereafter.
- c) Commercial businesses and operations.

### **Section 2. User Fees.**

User fees for special passes or decals to gain access to Fripp Island may be charged to persons and business entities that visit, work on or are properly authorized or eligible to use the roads, bridges, and other facilities on Fripp Island. The amount of such user fees, and the Rules and Regulations concerning user fees shall be determined and documented from time to time by the Board of Directors and shall comply with any applicable agreements.

### **Section 3. Special Assessments.**

Upon a vote of approval by the Members, as set forth in Article VII, Sub-Article B of these Bylaws, the Board of Directors may impose special assessments for designated purposes. The funds derived from each special assessment shall be maintained in a segregated and designated account, and each such fund must be spent only for the purpose or purposes for which it is designated unless otherwise approved by the Members.

### **Section 4. Special Assessment (Incurring Debt) for Disaster.**

A minimum of eight members of the Board of Directors may enter into a debt arrangement to borrow an amount of money necessary to repair damages, including debris removal, caused by a disaster. This authority may be exercised only after a determination has been made that the monetary damages to the property of the Association exceeds the total of the aggregate amount of insurance in effect and the reserve fund maintained for such property, by an amount that exceeds ten percent of the annual budget of the Association in the year of the disaster.

The following conditions and limitations apply to the debt arrangement:

- a) The amount of the debt cannot exceed the amount of money necessary to repair the damage, which may include a sufficient amount for contingencies.
- b) The term of the debt does not exceed ten years.
- c) The amount of debt does not exceed ten times the annual expense budget in the year of the disaster.
- d) The debt is to be repaid with a special annual assessment for disaster.
- e) The special assessment for disaster is to be available to be pledged as security for the indebtedness.

### **Section 5. Imposition and Collection.**

- a) Annual Assessments are made on a calendar year basis and are due and payable on January 1 by property owners of record on that date. Assessments due January 1 are delinquent if not paid by January 31 of the same year.
- b) Special assessments are made as determined by the Board of Directors and payable by property owners of record on the date of assessment. Special assessments are delinquent if not paid within sixty days of the date of assessment.
- c) Annual assessments are to be determined each year by the Board of Directors in accordance with funding requirements imposed by the annual budget. The

assessment for residential dwelling units and platted residential building lots is considered the Annual Basic Assessment. All other assessments, e.g., assessments on amenities or commercial business & operations, must be expressed as a percentage of the Annual Basic Assessment, except as otherwise defined by contract.

- i. The Annual Basic Assessment will be posted annually on the Association website once the budget is approved. The Board of Directors may increase or decrease the assessment each year as set forth below
  - ii. The Board of Directors may increase or decrease the Annual Basic Assessment at a rate not to exceed the greater of (1) five percent (5%), or (2) the rate of increase in the National Consumer Price Index, as published by the US Department of Labor, for the federal fiscal year immediately preceding the assessment year, or if that index is discontinued then a comparable index published by the federal government. The Board of Directors is authorized but not required to increase or decrease the Annual Basic Assessment.
- d) All assessments not paid when due must bear interest at the maximum rate allowed by law and be subject to a penalty, the amount of which is to be determined from time to time by the Board of Directors.
  - e) The Association has a right to file a lien on the property of all property owners whose assessments are delinquent, and the Board of Directors is authorized to exercise its option to collect delinquent assessments by suit or otherwise or seek damages from a Member and to foreclose the lien against any property for which assessments are not paid within 90 days after the due date or bring an action at law against the owner personally obligated to pay the same, or any combination thereof. Such action will be for the collection of delinquent assessments to be paid by the property owner, to include interest, penalties, court costs and reasonable attorney's fees.
  - f) The Association General Manager will be responsible for overseeing the management of liens and the collections of past due assessments.

## **ARTICLE IX. CONTRACTS, LOANS, CHECKS, AND DEPOSITS**

### **Section 1. Contracts.**

Subject to the limitations stated in these Bylaws, the Board of Directors may authorize any officer or officers, the Association General Manager, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

### **Section 2. Short Term Loans.**

No short term loans can be contracted on behalf of the Association, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors after the procedural requirements of these Bylaws having been met. Such authority may be general or confined to specific instances. A short term loan is one that does not exceed one year.

### **Section 3. Checks, Drafts, or Other Orders for the Payment of Money**

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, are to be signed by such officer or officers, agent or agents of the Association and in such manner as from time to time may be determined by resolution of the Board of Directors.

### **Section 4. Deposits.**

All funds of the Association are to be deposited from time to time to the credit of the Association in such banks, savings institutions, trust companies or other depositories as the Board of Directors may select.

## **ARTICLE X. EXECUTIVE SESSION OF BOARD OF DIRECTORS**

### **Section 1. Reasons for Calling an Executive Session.**

The Board of Directors may call an Executive Session for the following reasons:

- a) To discuss the physical condition or mental health of a member of the Board of Directors.
- b) To discuss personnel issues.
- c) To discuss matters relating to litigation, if an open meeting may have a detrimental effect on the Association's bargaining or litigating position.
- d) To consider the purchase, exchange, lease, or value of real property, if an open meeting may have a detrimental effect on the negotiation position of the Association.
- e) To hold an initial screening (including interviews if they are part of the initial screening process) of candidates for employment as the General Manager, if an open meeting would have a detrimental effect in obtaining qualified candidates.
- f) To receive legal advice on any matter.
- g) To discuss Association operational issues raised by the General Manager or by a member of the Board of Directors (e.g., security)
- h) To annually elect Association Officers
- i) To address the resignation of a Member of the Board of Directors

### **Section 2. Procedure for Convening an Executive Session.**

The following procedure must be followed when convening an Executive Session of the Board of Directors.

- a) The vote to call an Executive Session must be held in an open meeting
- b) The President must announce the purpose or purposes of the Executive Session, which will serve as a specific limitation on the matters to be discussed during the Executive Session.
- c) A majority of the Board of Directors present must vote to go into Executive Session in the open meeting.
- d) The President must announce whether the regular meeting of the Board of Directors will reconvene in open session following the Executive Session.
- e) Should the Board of Directors vote in Executive Session, such vote must be recorded in the minutes of the reconvened meeting of the Board of Directors, or during the next regular meeting of the Board of Directors

## **ARTICLE XI. DIRECTOR OR OFFICER CONFLICTS OF INTEREST**

### **Section 1. Conflict of Interest Transaction.**

No Director or Officer of the Association, or any family Member of such Director or Officer, or any corporation, partnership, association, trust or other entity in which such Director or Officer, or family Member of such Director or Officer, serves as a director, Officer, partner or trustee, or has a financial interest shall be permitted to enter into any contract or transaction with the Association unless:

Such Director or Officer discloses to the Board of Directors the material facts as to his or her or his or her family Member's relationship with or interest in the entity proposing to enter into the contract or transaction with the Association, and the Board of Directors authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors (even though the disinterested Directors may constitute less than a quorum).

### **Section 2. Definition of Family Member.**

For the purpose of this Section 1, the term 'family member' means children, the spouses or domestic partners of children, brothers and their spouses or domestic partners, sisters and their spouses or domestic partners, parents, spouse or domestic partner, and the parents of a spouse or domestic partner.

### **Section 3. Remedies for Violation of Conflict of Interest Requirements.**

If a Director or Officer of the Association, or any family Member of such Director or Officer, or any corporation, partnership, association, trust or other entity in which such Director, Officer or family member of such Director or Officer serves as a director, Officer, partner or trustee, or has a financial interest, enters into any contract or transaction with the Association without complying with the requirements described above, the Board of Directors may, in its sole discretion:

- a) Void the contract or transaction in its entirety and recover from such Director or Officer any damages and expenses suffered or incurred by the Association as a result of the contract or transaction; or
- b) Modify the price and terms of the contract or transaction so that the Association receives a price and terms comparable to what the Association would receive in an arm's- length negotiation.

See also Article IV, Section 19, Board of Directors Code of Conduct.

## **ARTICLE XII. INTERPRETATION OF BYLAWS AND RESTRICTIVE COVENANTS**

### **Section 1. Authority of Board of Directors.**

The Board of Directors has the power and authority to determine the interpretation or construction of the Bylaws and the Restrictive Covenants, or any parts thereof, which may be in conflict or of doubtful meaning, and its decision is final and conclusive provided the procedure set forth below is followed.

In the event there is a conflict or doubtful meaning within the governing documents, the following order of priority is to apply: first, the South Carolina Code of Laws; second, the Restrictive Covenants; and third, these Bylaws.

**Section 2. Procedure.**

When (a) any parts of the Bylaws are in conflict or there is doubtful meaning of a part of the Bylaws; (b) any parts of the Restrictive Covenants are in conflict or there is doubtful meaning of a part of the Restrictive Covenants; or (c) there is a conflict between the Restrictive Covenants and the Bylaws the Board of Directors may, by resolution stated in positive language, vote to determine what interpretation or construction is appropriate. The resolution shall be reviewed and if it receives the affirmative votes from six members of the Board of Directors the resolution is passed, and the issue is deemed resolved.

**Section 3. Form of Resolution.**

- a) Resolved, that the term \_\_\_\_\_ found in Article \_\_\_\_, Section \_\_\_\_ of the Restrictive Covenants (Bylaws) be interpreted to mean \_\_\_\_\_ .
- OR
- a) Resolved, that there appearing to be a conflict in the provisions of Article \_\_\_\_, Section \_\_\_\_ and Article \_\_\_\_, Section \_\_\_\_ of the Restrictive Covenants (Bylaws), such conflict is resolved by determining \_\_\_\_\_ .

**ARTICLE XIII. INDEMNIFICATION**

The Association will indemnify and hold harmless any person who serves or has served as a director, officer, employee or agent of the Association against expenses (including reasonable attorney's fees), judgments, fines, taxes, penalties, interest and payments in settlement, in connection with any threatened, pending or completed action or proceeding, and to pay any such expenses in advance of the final disposition of any such action or proceeding, arising out of his or her status as such, in the good faith exercise of his or her duties. The Association is specifically empowered and authorized to purchase and maintain, at the expense of the Association, insurance on behalf of any such director, officer, employee or agent against any liability asserted against him or her in such capacity.

**ARTICLE XIV. FISCAL YEAR**

The fiscal year of the Association begins on January 1 and ends on December 31 in each year.

**ARTICLE XV. CORPORATE SEAL**

The Board of Directors must adopt an Association seal, which will be either metal and circular in form and have inscribed thereon 'Fripp Island Property Owners Association' and the name or abbreviation of South Carolina and the word 'Seal', or it may be a rubber seal in substantially the same form as provided above.

**ARTICLE XVI. WAIVER OF NOTICE**

Whenever any notice is required to be given any Member or Director of the Association under the provisions of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, constitutes the equivalent to the giving of such notice.

**ARTICLE XVII. AMENDMENTS**

These Bylaws may be altered, amended, repealed and new Bylaws adopted by a two-thirds affirmative vote of all valid ballots received by the Association. The voting procedure will be in accordance with the provisions of Sub-Article B, of Article VII, Voting on Issues, Special Assessments, and Amendments.

Action to amend the Bylaws may be initiated by the Board of Directors or by petition of one hundred or more Members.

**ARTICLE XVIII. SUPERSEDER**

Effective January 22, 2019, these Bylaws supersede all prior Bylaws of the Association and all amendments thereto.

**WITNESSES:**

\_\_\_\_\_

\_\_\_\_\_

President

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Secretary

\_\_\_\_\_