



September 30, 2011

Fellow Members of HIOA,

This year our sand castle economy seems to have stopped melting, and is stabilizing. We have made tremendous progress in our non-payments, thanks in a large part to Mary and Marshall's efforts. We had 3 new homes constructed, and several remodeling/ additions. At Dennis Nolan's suggestion, the entire Board voted to have me, as President, restructure the Architectural Control Committee. We now have a General/mechanical contractor, as chairperson, supported by a home designer, an engineer and a real estate developer. We have ended the year within budget, while still adding almost \$80,000 to our Capital Reserve account. This gives us the ability to do infrastructure improvements, as all of our roads, boardwalks, and other assets require repairs. We have resurfaced all of Harbor Drive and a portion of North and South Harbor Drive, rebuilt boardwalk #1 and put protective treatment on our new bridges, insuring their longevity. In an effort to be equitable to everyone, we also restructured the renter, and the renter guest, car fees. In August we, unfortunately, had a change in leadership, and lost a great asset, David Tatum, as Board Member and Vice President. Thankfully Theresa Morris was willing to step forward, and fill his vacancy on the Board, and Amy Hiltzik assumed the duties of Vice President. All of our security and office staff are SLED Level 1 certified, trained in first aid and C.P.R., and continue to get additional training, under the leadership of our Security Chief, Don Woelke.

Our staff, under the leadership of our Island Manager, Mary Boykin, continues to do a remarkable job, we have the best, most efficient staff and management the Island has had in many years. Harbor Island, thanks primarily to the efforts of our Environmental Stewardship committee, chaired by John Albert and Dr. John Fisk, the Board's liaison has increased our involvement with the South Carolina Department of Natural Resources, the Audubon Society, and the Master Naturalist Association thru joint programs, including, but not limited to our turtle watch, horseshoe crab breeding studies and tagging, endangered species protection and banding. We have already started to see an increase in eco-tourism. This should increase our rentals all year, but especially in the off-season. As we all know, Harbor is one the best communities in South Carolina for bird watching. We are designated an "Important Bird" area, and are drawing more naturalists, thus supporting our rental program.

The terms of office for Marshall Hill, Dennis Nolan, myself and Theresa Morris, who was kind enough to fill the vacancy left by David Tatum, are ending. We have five candidates for these seats: Theresa Morris, Bob Young, Mary Ann Radke, Dennis Nolan and Craig Aull. **Please read the attached "Bios" and return your ballot.** Out of economic turmoil of the last few years, has come the realization that HIOA cannot operate as it has in the past. We have only two sources of income, gate fees and annual assessments. New construction has started to show some life this year but as the island is built out over the coming years; some of these fees will almost cease to exist. Rental Car Pass income will always be dependent on the state of the economy; There is a 10% limit on our yearly assessment. This year, there will be **NO** increase in the assement. We continue to provide a full range of services, with the bare minimum of staff. These questions will occupy a great part of the Board's time in the coming years. Your input is needed and will be welcomed.

I hope to see you at the Annual Meeting. **If you cannot come, please return your ballot.**

Sincerely,

A handwritten signature in black ink that reads "Ben Horack". The signature is written in a cursive, somewhat stylized font.

Ben Horack, President