

Sir John Colleton, conceived the idea of a colony in “Carolina” based on a Proprietorship in 1661. The Proprietors sent Lt. Colonel Robert Sanford to explore the coast of the area which would become South Carolina in 1666, which at the time was inhabited by Native Americans. Sanford claimed the area for the English king, Charles II. After its settlement in 1670, the area now known as Seabrook Island was named “Colleton” in honor of Sir John Colleton.

The English Proprietors awarded the first deed on Seabrook Island in 1696 to Sir Joseph Blake who held the title of “Landgrave” and served as the Governor of the territory from 1694 through 1700. His family held title to the Island until 1732 when it was sold to Samuel Jones who renamed his purchase “Jones Island.” The Island was sold again in 1753, to Ebenezer Simmons who, not unexpectedly, named it “Simmons Island.” The name was changed to Seabrook Island in 1816 after the property was purchased by William Seabrook, a Sea Island cotton planter and part owner of the Edisto Island Ferry. During the Civil War Seabrook sold the land to William Gregg, founder of the Granitville Company and a leading cotton manufacturer, for \$150,000 in Confederate money.

Several subsequent purchasers included the family of William Andell, who owned most of the Island in the late nineteenth and early twentieth century. For many years Andell planted Sea Island cotton on his Seabrook Island and Johns Island properties. During the peak demand years for that product, his plantation consisting of many thousand acres provided him with a considerable income. The Andell family sold a portion of their holdings to Victor Morawetz, a personal lawyer to Andrew Carnegie and the general counsel of the Santa Fe Railroad. Morawetz’s family subsequently bequeathed some 1300 acres of its Seabrook Island property to the Episcopal Diocese of South Carolina in 1951 with the understanding that the property could be sold, but that a portion had to be retained for use as Camp St. Christopher. When the Diocese discovered that it could not claim tax-exempt status on all of the property, it sold all but 230 acres in 1969 to Seabrook Island Limited Partnership for \$1,800,000.

The general partner of Seabrook Island Limited Partnership was the Seabrook Development Corporation which in turn was owned by William Whitner and Dorothy Miller, his future wife. Over the next few years the Seabrook Development Corporation added a number of interior

properties on the Island through its purchases from the Andell heirs: Dorothy McKee, Betty Stringfellow and Margaret Beckett. Whitner retained Willard Byrd & Associates of Atlanta to prepare a development plan for the combined properties which became Charleston County Planned Unit Development Number 1. The master development plan projected 1,236 single family home sites and 1,415 multi-family residences. The recreational amenities included a Beach Club, a golf club, driving range and racquet club.

In November of 1972, Seabrook Development Corporation sold its interests on the Island to the Seabrook Island Company (“SIC”), a South Carolina partnership of two companies: Land Logistics Limited of Palm Beach Florida (which served as general partner and was owned by Harry Gonzalez, his son Henry, and Richard Collier) and a Wall Street firm, the Gerry Brothers and Co., which served as limited partner. The Gerry Brothers financed the purchase and paid \$4 million for the Island. It was at this point that the Seabrook Island Company officially began marketing property on the Island for residential purposes.

In early 1974 construction began on two major utility facilities – the permanent sewage treatment plant and the water plant. These two facilities represented an investment of over one-half million dollars. The construction of these facilities was a significant milestone in the Island’s development plan. Around the same time, the first residential home was built adjacent to the 10th hole of the Ocean Winds golf course on Seabrook Island Road.

In August of 1975, the Gerry Brothers bought out the equity interest of Land Logistics Corporation in the Seabrook Island Company. In 1976, the Seabrook Island Company came under the operational control of a general partnership owned by Jack Kessler, with the Gerry Brothers continuing to own the limited partnership interest. Kessler bought out the interests of the Gerry Brothers in December of 1981, for an undisclosed purchase price. The amenities and the remaining undeveloped properties of the island were sold by Kessler in July of 1985, to three Seabrook Island residents: F. Parker Hudson, Robert B. Russell and Dennis R. Haydon. Russell and his management team of Robert Sawyer and Robert Nicholas “assumed the reigns of leadership of Seabrook Island” in the summer of 1986. Russell took title to the purchased assets in the name of his development company, the Seabrook Island Ocean Club (“SIOC”).

About the same time, the Seabrook Island Property Owners Association established a task force to study the benefits of incorporation as an independent municipality. In October of 1986, study and advice from attorney J. Reese Daniel led to a decision to attempt incorporation. The task force filed petitions and information about the proposed town boundaries, study of services, form of government, election method and terms of elective office with the South Carolina Secretary of State. The information was certified by the Secretary of State in December, and certification to hold a referendum was issued. The date for the incorporation referendum was set for March 3, 1987, but was postponed because required authorization from the U.S. Justice Department had not been received.

On May 19, 1987, the effort of the Island's property owners to form an independent municipality was realized. Eighty-five percent of the registered voters of the proposed Town of Seabrook went to the polls and approved the incorporation of the town by a 341-65 vote. At the same time, the voters also approved the town's official name, a mayor/council form of government, two year terms for elected officials and non-partisan candidates in at-large elections. One week later, the Secretary of State of South Carolina issued a certificate of incorporation to the Town of Seabrook Island. This action created a "legal entity" but a vote of the town's residents was required to determine if the entity would in fact become a municipality. An election to determine the Town's elected officials was scheduled for August 18th of 1987

In July of 1987, the Seabrook Island Ocean Club, in its capacity as owner of the Island's amenities and remaining undeveloped properties, filed a lawsuit against the Seabrook Island residents who had promoted the incorporation of the town and the South Carolina Secretary of State contesting the validity of the town's incorporation. SIOC alleged that neither the Secretary of State nor the Seabrook election commission had followed the required statutory procedures to form the Town. Specifically, SIOC alleged that the petitions for incorporation did not contain the requisite number of property owner signatures. Proponents of incorporation argued that there were alternative motives for the litigation, and that the SIOC, as developer of the Island, was more concerned about obtaining Charleston County approval of two undeveloped sections of the Island before incorporation was finalized and control over the zoning was transferred to the

Island's property owners. The proponents further argued that the SIOC's anticipated development – high rise villas – were proposed to be constructed on land not designated for development; that the development would be too tall and would be located adjacent to single family residences.

The lawsuit became acrimonious, and at one point the SIOC obtained a temporary injunction delaying the vote on incorporation until the court could decide if the proposed town could continue to use the security gate to bar public access to Seabrook Island. On August 13, 1987, the state court in Charleston denied the SIOC's request for a permanent injunction and the election was allowed to proceed. When the election finally did take place on August 18th, the Town's only precinct was a moving van parked at the Bohicket Marina on Seabrook Island Road. Four hundred and forty-one votes were cast (78% of the registered voters). Joel Thompson was elected the Town's first mayor. The first four elected councilmen were: Richard Rakovich, David Hughes, Thomas Semmens and Marie Stonehouse. As is the case with most litigation, SIOC's lawsuit against the Town of Seabrook contesting the validity of its incorporation continued for a number of months afterwards and was not finally resolved – in favor of the town - until the spring of 1988.

Russell made a number of efforts to sell the amenity assets to the property owners. The Property Owners Association saw the need for an independent third party to assess the viability of purchase of SIOC's amenity assets. Accordingly in June of 1989, it caused Seabrook Island Associates (“SIA”) a South Carolina non-profit corporation to be incorporated. The mission of SIA was to follow and evaluate the progress of the SIOC's efforts to sell the Island's amenities to third parties, with the ultimate objective of coordinating a program with the property owners to purchase the Island's amenities should they become available. The SIA's business model anticipated that if it succeeded in purchasing the SIOC's assets, it would assign the contract and purchase rights to the Club (an entity which at that point in time had not yet been formed), and SIA would be dissolved.

The efforts to either raise additional capital or sell the amenity assets to the property owners both failed. Suffering financial difficulties as a result of a down-turn in the real estate market, on

September 20, 1989 Russell's company, SIOC, filed for protection under Chapter XI of the United States Bankruptcy Code in Charleston. Ominously, the very next day, hurricane Hugo brushed Seabrook Island and hit the city of Charleston.

On July 27, 1990, SIA made its first formal offer to Bank South – Russell's principal creditor - to purchase the SIOC assets. The offer was made contingent on approval by the bankruptcy court and on SIA's ability to raise funds through the offer of equity memberships in the Club. The bank did not respond to this offer. In November of 1990, Bank South was allowed to foreclose on its loan, and bid the amount of its debt - \$11, 517, 000 for the SIOC amenities. After protracted negotiations, on February 15, 1991, Bank South and SIA finally were able to reach agreement on the purchase price for the amenity assets. On that date, the SIA Board of Directors accepted the bank's most recent counter-offer, and authorized the execution of a letter of intent for the purchase of the SIOC amenity assets. On March 18, 1991, Seabrook Island Associates and Bank South entered into a definitive agreement under the terms of which SIA would purchase the two golf courses, the tennis courts and SIOC's other amenities. The assets were subsequently transferred to a newly incorporated Seabrook Island Club owned by participating property owners.