



Hurricane Matthew Supplemental Assessment

As you know, Kiawah faced extraordinary additional expense following Hurricane Matthew this fall. We consider ourselves fortunate that there was no loss of life or serious injury, and that the storm came ashore weakened and at low tide. However, there was substantial tree damage and debris, along with total destruction of a number boardwalks and the Rhett's Bluff dock system.

We're also fortunate that costs, which were initially estimated between \$2 million and \$3 million, came in significantly lower than originally expected. Our staff, along with their colleagues at the Town of Kiawah Island, cleaned up the community in record time, and worked collaboratively to ensure expenses were kept in check.

Total recovery costs are projected at \$1,363,510. These are comprised of cleanup and associated expenses totaling \$594,723 and repair/restoration expenses of \$768,787. Clean-up related costs include such items as maintenance staff overtime, tree contractors, debris removal contractors, drainage cleanout, misc. supplies and equipment, meals for workers, etc. Repair and restoration expenses include boardwalk repairs, dock repairs, tree and plant replacement, etc.

At a special meeting on Tuesday, Dec. 20, the KICA Board of Directors voted to approve an additional 2016 Supplemental Assessment to recoup \$1.1 million of Hurricane Matthew expenditures, while absorbing the remaining costs. A supplemental assessment may be approved in any given year as long as it, combined with the annual assessment and other supplemental assessments, do not exceed the Maximum Annual Assessment as outlined in the KICA governing documents. In order to save considerable mail costs and staff time, the additional assessment is included as a line item in the invoice for your 2017 annual assessments and fees.

While no one likes unexpected expenses, the one-time hurricane assessment is \$250 for most property owners (unimproved properties, commercial properties and undeveloped land are assessed based on the requirements outlined in the governing documents). Some have understandably asked why a storm reserve is not maintained. There are philosophical and practical reasons why KICA has historically chosen not to reserve for significant storm damage. First, some believe that storms should be paid for by those who are here at the time of an event. Right or wrong, some believe that if you're lucky enough to be on Kiawah during a time without a major storm, then you shouldn't have to pay for those who aren't as lucky. Nearly 30 years ago, KICA assessed each property owner \$988 for Hurricane Hugo, and there hasn't been a major storm assessment since. Second, there's simply no way to know how much to set aside, as no one knows when storms will hit and what their severity and costs will be. Finally, there's nothing that ensures the money will be spent on storms. Well-meaning boards could set aside funds for years, only to have a future board conclude it should be spent in a different manner.

At its Jan. 9, 2017 meeting, the board will consider a policy for how the association will determine storm assessments in the future. While any future board can change the policy, we believe it will be a helpful starting point for deliberations if and when the community faces this situation again (hopefully many years down the road). As always, the community is invited to attend and listen to the discussion.

Thank you for your cooperation and patience as we continue to restore this extraordinary community.

Jan. 1, 2017