

Sept. 24, 2014

Dear KICA Member:

In June 2014, the McMahon Group conducted a survey of members of the Kiawah Island Community Association. The purpose of this survey was to obtain input from the membership regarding potential amenity improvements developed by the KICA Amenities Planning Group. This letter contains the McMahon Group's summary of the results of this survey. In addition to reporting on the results in total, we have noted the important demographic groups of members younger than 65 and those who have more recently invested in Kiawah. Their responses are a good representation of the preferences of current and future buyers, an important factor in supporting property values.

1. Of the 3,696 surveys sent, 1,870 were returned. The response rate of 51% was exceptional and means there was only a very small possible statistical error in interpreting results for the entire population.
2. Seventy-two percent (72%) of the respondents indicated they wanted to vote on some, or all, of the project concepts outlined in the survey. This indicated a very high level of interest in possibly implementing changes to KICA amenities. Only 28% did not want a vote on any possible project.
3. Sixty-seven percent (67%) of the respondents indicated they were willing to pay higher assessments to fund some, or all, of the possible projects. For those willing to pay something, the average additional amount was \$658. Thirty-three percent (33%) indicated an unwillingness to pay any additional assessment. The \$658 amount was 68% to 84% of the total KICA estimate to fund all the possible projects including a potential land purchase.
4. Sixty-six percent (66%) of the respondents felt it was important that all KICA amenities be located on available KICA property "inside the gate." Seventeen percent (17%) were neutral and only 17% felt this issue was unimportant. Sixty-one percent (61%) indicated they were unwilling to pay anything for purchasing additional land on which to house a potential amenity. These responses indicated a strong desire to use existing property that KICA owns inside the gate to accommodate amenity improvements.
5. The survey indicated relatively strong support for the concepts of improving the fitness facility and improving the pool/beach experience. Opinions were split on a year-round (heated) pool, and the concept of an indoor pool with spa and water therapy services did not garner strong support.
6. Fifty-five percent (55%) of the respondents agreed with the need to improve KICA's fitness facility while 32% disagreed and 13% were neutral. For those 65 years and younger, 62% agreed. For those who bought property after 2011, 69% agreed. By a margin of approximately 1.7 to 1, respondents who agreed that the fitness facility needs to be improved outnumbered those who disagreed. Also by a margin of almost slightly over 1.6 to 1, respondents who *strongly* agreed that the fitness facilities need improvement outnumbered those who *strongly* disagreed.



7. Fifty-three percent (53%) of the respondents were satisfied with the concept for the fitness facility that KICA presented, 33% were dissatisfied and 14% were neutral. For people 65 and younger, 60% were satisfied. For people who bought after 2011, 69% were satisfied. By a margin of 1.6 to 1, satisfied respondents outnumbered dissatisfied respondents. The fitness concept presented included an ancillary food and beverage component. As a stand-alone component, however, this did not garner strong support. Any detailed project for a fitness facility will need to address size and scope of food and beverage capabilities.
8. Fifty-four percent (54%) of the respondents agreed with the need to improve the pool/beach experience while 35% disagreed and 11% were neutral. For people 65 and younger, 57% agreed with the need. For people who bought after 2011, 71% agreed. Total respondents who agreed outnumbered those who disagreed by a margin of slightly over 1.5 to 1.
9. Fully 58% of the respondents were satisfied with KICA's possible approach to improving the pool/beach experience compared to only 28% dissatisfied and 12% neutral. For those 65 and younger, the percent satisfied was 62%. For members who bought after 2011, 75% were satisfied. Total satisfied respondents outnumbered dissatisfied respondents by a margin of over 2 to 1.
10. The survey results demonstrated that a majority of KICA members felt the need for better fitness facilities and pool/beach experience and were generally satisfied with KICA possible solutions; however, there were suggested cost concerns. In the demographics of younger members and recent property purchasers, the support for a better fitness facility and pool/beach experience was extremely strong.
11. If KICA expands the Sandcastle pools, 70% of respondents answered that renters, even for a fee, should not have access to them.

The survey exercise was successful in providing clarity on many of the key issues related to amenity improvement on Kiawah Island. The board will now be in position to evaluate priorities identified by the members and determine if there is an effective long-term amenity solution that might be further developed on the island. Following this letter are the question-by-question results of the survey.

Submitted by,

Frank Vain
President



POTENTIAL AMENITY IMPROVEMENTS OPINION SURVEY RESULTS

KIAWAH ISLAND COMMUNITY ASSOCIATION

Question: Did you attend one or more of the Member Informational Sessions on May 1-5?

Attend One or More Session	%
Yes	15%
No	85%

Question: Do you agree that the following amenity improvements identified by the KICA Amenities Planning Group are needed? This question is about the amenity itself, not your satisfaction with the solution, which will be addressed in the next question. When answering this question, please consider the importance to you personally, as well as the importance to the entire community.

Amenity Improvements	% Agree	% Disagree	% Neutral
Provide a full-service fitness center	55%	32%	13%
Build a new, ocean-side resort-style pool and support facilities	54%	35%	11%
Provide additional shade options at the Sandcastle pool(s)	53%	20%	27%
Provide separate pool areas for families and adults	51%	32%	17%
Enhance the existing poolside casual dining and Tiki Bar experience	50%	27%	23%
Provide more parking at Sandcastle	45%	25%	30%
Provide a year-round swimming pool (swimming pool only)	42%	41%	17%
Use existing Fitness Center space to create new community meeting rooms and activity space	37%	35%	28%
Upgrade Sandcastle audio and video capabilities	35%	27%	38%
Provide informal community space with a coffee shop/Wi-Fi café	34%	45%	21%
Provide a year-round swimming pool and spa/water therapy area	25%	52%	23%
Provide space for third party providers for fee based services such as massage, physical therapy, etc.	25%	47%	28%
Provide additional kayak storage facilities	20%	42%	38%



Percent Agree – By Property Ownership Tenure and Age Group

Amenity Improvements	Purchased Property Before 2011	Purchased Property 2011 to Present	Age 65 and Younger	Over Age 65
Provide a full-service fitness center	52%	69%	62%	44%
Build a new, ocean-side resort-style pool and support facilities	51%	71%	57%	49%
Provide additional shade options at the Sandcastle pool(s)	52%	62%	55%	50%
Provide separate pool areas for families and adults	48%	69%	63%	46%
Enhance the existing poolside casual dining and Tiki Bar experience	47%	69%	55%	42%
Provide more parking at Sandcastle	44%	48%	42%	49%
Provide a year-round swimming pool (swimming pool only)	41%	50%	43%	41%
Use existing Fitness Center space to create new community meeting rooms and activity space	37%	41%	36%	39%
Upgrade Sandcastle audio and video capabilities	35%	33%	34%	37%
Provide informal community space with a coffee shop/Wi-Fi café	32%	45%	37%	28%
Provide a year-round swimming pool and spa/water therapy area	24%	36%	29%	20%
Provide space for third party providers for fee based services such as massage, physical therapy, etc.	23%	37%	29%	20%
Provide additional kayak storage facilities	19%	19%	25%	13%

Question: Please rate the importance of location with respect to amenities provided by KICA: (5=Very Important, 1=Very Unimportant)

Location of Amenities	Mean Rating	% Rating Important	% Rating Unimportant
Locate <u>all</u> amenities on <u>available</u> KICA property “inside the gate”	3.8	66%	17%
Locate <u>some</u> amenities on <u>newly-purchased property</u> “outside the gate”	2.3	12%	52%



Question: Please rate your satisfaction with the conceptual solutions developed and presented for each of the potential projects identified by the KICA Amenities Planning Group. (5=Very Satisfied, 1=Very Dissatisfied)

Conceptual Solutions	Mean Rating	% Satisfied	% Dissatisfied
<u>Fitness Center Project</u>			
Concept for a full-service fitness center	3.3	53%	33%
Concept for informal community space with a coffee shop/Wi-Fi café	2.9	37%	37%
<u>Existing Sandcastle Space</u>			
Use of existing Fitness Center space to create new community meeting rooms and activity space	3.1	43%	29%
<u>Sandcastle Pools</u>			
Concept for a new, ocean-side resort-style pool and support facilities	3.5	58%	28%
Concept for separate pool areas for families and adults	3.4	54%	28%
Concept for enhancing the existing poolside casual dining and Tiki Bar experience	3.3	50%	25%
Concept for additional shade options	3.4	51%	20%
Solution to provide more parking	3.3	47%	23%
<u>Indoor Pool and Spa</u>			
Concept for a year-round swimming pool	3.0	44%	38%
Concept for a water therapy pool	2.7	28%	43%
Concept for providing space for third party providers for fee based services such as massage, physical therapy, etc.	2.7	26%	42%

Question: Please rate your overall satisfaction with the potential projects identified by the Amenities Planning Group: (5=Very Satisfied, 1=Very Dissatisfied)

Overall Satisfaction with Potential Projects	%
Very Satisfied	23%
Satisfied	28%
Neutral	14%
Dissatisfied	14%
Very Dissatisfied	21%
Mean Rating	3.2



POTENTIAL AMENITY IMPROVEMENT FUNDING

KICA would borrow most, if not all of the project costs. The membership would pay an annual amenity assessment, probably for 15 years, to cover debt service and incremental operating expenses. The board could consider implementing user fees for certain activities, but such user fees would not substantially change the funding analysis outlined below.

Shown below are the cost estimates for the major projects identified by the Amenities Planning Group, accompanied by the estimated annual per-member amenity assessment that would be needed to fund each project.

	<i>Estimated Facility Cost</i>	<i>Estimated Annual Operating Cost</i>	<i>Estimated Per-Member Annual Amenity Assessment</i>
Fitness Center Project	\$10.5 - \$11.5 million	\$500,000	\$390 to \$460
Sandcastle Pool Project	\$5.7 - \$6.2 million	\$75,000	\$160 to \$195
Indoor Pool and Spa Project	\$3.9 - \$4.3 million	\$185,000	\$150 to \$170
Total Project Costs (facilities only)	\$20.1 - \$22.0 million	\$760,000	\$700 to \$825

The costs above are for facilities only. If existing community association land is unavailable for facility expansion, the membership will have to determine if it wishes to purchase land. Those estimates are as follows:

Land Costs: \$3 million to \$5 million

Estimated Per-Member Annual Assessment: \$85 to \$145

Question: Based upon the estimated per-member annual assessments (shown above) that would be needed to fund the three projects identified by the Amenities Planning Group, please write in the maximum annual amenity assessment you would be willing to pay to fund each of the projects, and also the total (aggregate) amenity assessment you would be willing to pay to fund all projects: (You may enter amounts that are larger or smaller than the estimated amounts as shown).

	<i>Estimated Per-Member Annual Amenity Assessment</i>	<i>% Willing to Pay Some Amount</i>	<i>Average Amount Willing to Pay (Respondents Willing to pay Some Amount)</i>
Fitness Center Project	\$390 to \$460	56%	\$367
Sandcastle Pool Project	\$160 to \$195	67%	\$180
Indoor Pool and Spa Project	\$150 to \$170	45%	\$156
Total Facility Costs	\$700 to \$825	67%	\$581
Land Purchase Costs	\$85 to \$145	39%	\$115
Total Facility and Land Costs	\$785 to \$970	67%	\$658



Question: Please indicate the approach to amenity improvement you would like to see KICA bring to a vote of the membership. Note: Your response to this question does not indicate your support for any of the options; it only indicates which approach you would like to see presented for a membership vote.

Amenity Approach	%
All projects: Fitness Center, Indoor Pool and Spa Projects and Sandcastle Pool Project	30%
Do not bring any amenity improvement program to a vote at this time	28%
Sandcastle Pool Project only	14%
Fitness Center Project and Sandcastle Pool project	14%
Fitness Center, Indoor Pool and Sandcastle Pool Project only	5%
Fitness Center and Indoor Pool only	4%
Fitness Center Project only	3%
Fitness Center, Indoor Pool and Spa Projects only	2%

Question: If KICA expands pools at the Sandcastle, do you favor granting some access to renters (for a fee)?

Renters Access to Sandcastle Pools	%
Yes	30%
No	70%

ABOUT YOU

Question: What is your age category?

Age Category	%
Under 46	4%
46 to 55	18%
56 to 65	39%
66 to 75	31%
76 to 85	7%
Over 85	1%

Question: What is your gender?

Gender	%
Male	62%
Female	38%



Question: Do you have any children age 18 or younger living in your home?

Children in Home	%
Yes	16%
No	84%

Question: Do you consider Kiawah Island to be your primary residence?

Primary Residence	%
Yes	29%
No	71%

Question: Where is your primary Kiawah property in relation to the first gate?

Primary Property Location	%
Before 2 nd Gate	50%
2 nd Gate to Osprey Point Clubhouse	44%
Osprey Point Clubhouse to Ocean Course	6%

Question: When did you first purchase property on Kiawah Island?

First Purchase Property	%
Prior to 1991	21%
1991 to 2000	31%
2001 to 2005	21%
2006 to 2010	14%
2011 to present	13%

Question: When did you first move to Kiawah/occupy your property?

First Property Move	%
Prior to 1991	9%
1991 to 2000	20%
2001 to 2005	18%
2006 to 2010	16%
2011 to present	14%
Have not occupied property	23%



Question: Approximately how much of the year do you reside at Kiawah Island?

Reside at KICA	%
Year round	20%
10 to 11 months	2%
8 to 9 months	4%
6 to 7 months	7%
3 to 5 months	17%
Less than 3 months	42%
Not at all	8%

Question: Are you a member of the Kiawah Island Club?

Kiawah Island Club Member	%
Yes	41%
No	59%

Question: Are you a member of the Governors Club?

Governors Club Member	%
Yes	23%
No	77%

Question: Do you currently belong to a fitness facility or exercise studio in the Kiawah area (other than the Kiawah Island Club)?

Other Fitness Facility/Exercise Studio Membership	%
Yes	4%
No	96%

Question: If “Yes”, what is the likelihood you would resign that other membership and use the KICA fitness facilities if they were improved?

Resign Other Fitness Membership	%
Very Likely	8%
Somewhat Likely	7%
Somewhat Unlikely	12%
Very Unlikely	73%