

To keep the membership informed, since 2011, KICA has published frequent articles about KICA amenities. Initially, these were focused on the amenities we offer today. However, once a majority of members indicated by survey an interest in upgrading our amenities, we published articles about the reasons reinvestment in amenities is important. The various articles and surveys have generated numerous questions, answered below. In the answers, "we" refers at various times to all 14 board members over the last four years, KICA management staff, and the Amenities Planning Group, which had representatives from every major membership demographic (full-time, part-time, younger, older, club and non-club members, users and non-users of the Sandcastle, and investors). Although many of these individuals began with different ideas about KICA's needs, after thorough analysis of the facts and options, they concluded that upgrading KICA's amenities is a priority for the community.

This document may be updated if additional questions are identified.

AMENITIES FREQUENTLY ASKED QUESTIONS

Why is the board of directors pursuing an amenity update?

KICA is acting on your behalf based on your survey results, as well as the need to plan for the island's future growth. Existing amenities are at capacity, 35% of the island's lots are still to be developed, and it's clear that future buyers will increase demand. Let's look at some history.

As early as 1998, KICA recognized the need for future planning and developed a long-range plan. Planning took on greater focus when the board evolved from operations-based to strategy-based in 2006. Our 2006 strategic plan included the following objective: "obtain land for facilities and amenities."

In the fall of 2008, the community was offered an opportunity by referendum to purchase property for the eventual development of new amenities. While the deepening financial crisis likely impacted members' desire to approve new assessments, according to a post referendum survey, the #1 reason the proposal was rejected was the lack of a plan for the property. Members wanted KICA to present a plan, including conceptual designs, cost estimates, and a timeline for improvements.

In 2011, the board re-affirmed its commitment to improving amenities and established the Amenities and Services Task Force (ASTF). The task force composition was diverse. It included all the various member segments on Kiawah, and was co-chaired by two members of the Kiawah Island Club.

In October of 2012, after 18-months of study, including comparing similar high-end communities, the ASTF reported that our offerings had not kept pace with other premier communities, and recommended hiring a consultant to continue research. The board hired The McMahon Group, a national planning/consulting firm, to help us determine whether property owners believed amenities were lacking and, if so, which ones. McMahon conducted focus groups and surveys, the results of which were mailed and posted to the web.

Results to the initial survey were a mixed bag. Members expressed very high satisfaction with the beach, leisure trails and natural environment. However, satisfaction with pools, fitness, and meeting space were just average, or below average. Based on your agreement that amenities were important to your lifestyle and to property values, and that you saw room for improvement, we put forward an initial concept, surveyed again to see if we'd gotten it right, listened to your responses and altered the concepts, and developed a final recommendation. The result is the proposal before you.

What are the goals of the Master Plan?

We established core goals for amenities based on member desires and purchaser trends, to meet existing and future needs. Goals included substantial improvements to the pool and beach experience, including decking, food and beverage offerings, as well as enhanced fitness and wellness opportunities and more diverse space for current and growing participation in social and educational programming.

How has KICA's board incorporated member input into the final proposal?

Member input has been sought by means of surveys, demographically representative panels, and community meetings. More recently, members have had the opportunity to provide input on more specific amenities planning and site concepts. Beginning in 2011, there have been several advisory groups comprised of member volunteers, which have guided the amenities initiative. These included the Strategic Planning Committee; the Amenities and Services Task Force with its subcommittees for Current Use, Community Comparison and Demographics; and the Amenities Planning Committee.

In 2013, an initial member survey gathered information on amenity usage and what types of amenities were desired by the membership. In May 2014, KICA held seven forums, open to all members, to discuss initial concepts for amenities improvements and collect feedback.

In July 2014, all members were surveyed to poll interest in an initial amenity improvement concept and to gauge willingness to pay the requisite additional assessment. Over 70% of survey respondents expressed the desire to vote on some or all of the concepts for amenity improvements, so the planning process continued. The majority of respondents did not want an indoor pool/spa facility, so the board eliminated that amenity from its planning. The community also expressed concern over the size and

aesthetic character of the Rhett's Bluff concept, so it was reduced dramatically and redesigned by an award winning architecture firm known for extraordinary work on Kiawah. The community also wanted to be sure traffic and safety concerns were studied, so Toole Design Group, a traffic engineering firm, was retained to ensure any improvements did not compromise traffic or safety. Finally, members wanted KICA to ensure its proposals were environmentally sensitive, so Folk Land Management was hired to advise the board on important environmental considerations.

Why do we need an amenities upgrade at all when so many members express satisfaction with existing amenities.

We said in 2014 that the initial survey results were a "mixed bag." Unquestionably, Kiawah's greatest natural amenity, our beach, is the island's #1 attraction (99% satisfaction), followed closely by our trail system (93% satisfaction). However, people were less satisfied with other amenities such as pools, fitness and meeting space. At 78% overall satisfaction, our members said we were "ok" or "average." This compares to average satisfaction ratings in other communities of 90% or higher. When presenting the initial concepts for the community to consider last May, we said each member would have to decide if "ok" and "average" were acceptable on Kiawah.

72% of survey respondents indicated a desire to vote on some or all of the initial concepts, demonstrating strong support for improving facilities.

Is the Sandcastle really overcrowded? That has not been my experience.

We have extensive usage data for the diverse activities that occur at the Sandcastle. Obviously pool use occurs predominantly in the summer, and it's often hard to find space available on the deck, or an available chair. Fitness users often wait for equipment to become available, and group classes like Yoga either move to the second floor ballroom (if available), or turn people away. The biggest strain on the facility is meeting space for clubs and groups. While other facilities on the island provide some of our members alternatives for pools and fitness, none provide cost effective meeting space to the community for groups such as photography clubs, book clubs, Bible studies, bridge clubs, language classes, weight watchers, lecture series, MahJongg, garden club, and the Kiawah Conservancy, just to name a few.

Did the board consider other ways to meet property owner expectations?

Yes. When your survey results indicated interest in improved amenities and predicted greater usage in the coming years, our research included an in-depth look at what is already provided on the island, and other ways to achieve the desired results. Our first option was to expand the Sandcastle site. This initial work indicated that a one-site

solution would not work due to programming needs and parking constraints, (please see the following question for more details on situating all amenities on the Sandcastle site).

We considered many other alternatives before deciding to use the community's common property at Rhett's Bluff, including partnerships with other island entities such as Kiawah Partners or Kiawah Island Golf Resort. Those options weren't viable, as goals were too different among the organizations. While the resort and club are first class operations, their primary focus is resort guests and club members, respectively, as it should be. There were other considerations.

Kiawah Island Club membership is not offered with all properties, and there's no guarantee that the resort's Governors Club program will be available indefinitely (Note: we are not aware of any plans to do away with the Governor's Club.) Had we been able to reach a cooperative arrangement with the resort, it was clear that property owner opportunities would defer to their guests, which is not unreasonable. Also, the equipment room in the Straw Market is small, and does not offer popular programs such as aerobics. There is also no guarantee that Kiawah will always have a resort owner willing to offer its amenities for use, or that the current owner would always provide access. It is up to KICA to provide amenities which will be accessible to all owners for the life of their property ownership

We also looked at renting facility space, which was only available off-island and came at a premium cost – more than building, in the long run, with less convenience and security. Purchasing additional land was also considered. In 2008, property owners clearly told the board by vote that they did not want to purchase land. The 2014 survey results reaffirmed that property owners preferred using KICA-owned property, inside the gate. The Rhett's Bluff landing is the only KICA-owned property inside the gate that will accommodate additional programming.

Why can't we put all the upgrades at the existing Sandcastle site?

Our plan sought to meet a majority of expectations expressed in prior surveys, to enhance your enjoyment now and also consider future growth and trends. In the summer of 2014, the board of directors, with the help of community planning consultant The McMahan Group, attempted to achieve these goals solely at the Sandcastle site. We sought to:

- substantially grow pool and deck space, fitness and multipurpose meeting space
- maintain a building scope appropriate for a neighborhood
- meet parking requirements and building regulations and setbacks
- preserve natural habitat

The conclusion was that it would not be possible to accomplish this on the Sandcastle site alone.

Late in 2014, a Kiawah Boat Landing Preservation Committee proposed a single-site plan that placed all upgrades at the Sandcastle. The plan was thoroughly and extensively reviewed by the board and its community planner Mark Permar. Although this plan (revised again by the committee in March 2015) was professionally and thoughtfully created, the proposed single-site did not adequately meet the defined needs. For example, the family pool is 35% smaller than the existing pool; a structure housing restrooms, storage, a snack bar, kitchen and pool equipment is 30% smaller than the same functionality that exists today; and the fitness center is 7,500 square feet in contrast to KICA's proposal of 12,000 square feet, the area of which KICA believes is essential to fulfill fitness needs now, and as Kiawah continues to grow. There were also numerous property infringement and variance issues. Review the [full analysis online](#).

After all of these considerations, we are certain that a one-site solution at the Sandcastle is not the best option for all members.

Why not just build a parking garage?

We did consider a parking garage, but felt it would be inconsistent with Kiawah's design philosophy. Furthermore, a parking garage would add more than \$1 million in cost to the project.

Why won't the board allow the committee the opportunity to share its single-site plan with the entire membership? Why won't the board allow property owners who dissent to express their views publically?

By policy, KICA protects the personal information of its property owner members. Kiawah's population elects its leaders to make decisions on its behalf. We have done due diligence in researching the many considerations and components. We have done this over nearly nine years with the input of the membership. Conversely, the committee developed its plan with a few individuals over a several months. We cannot advance a plan we do not believe is in the best interest of the community.

Still, we have provided the committee's plan on our website, along with a discussion of considerations leading to our conclusion that the plan is not a reasonable substitute to our proposal, so that property owners can understand the issues and come to their own conclusions.

Property owners have had numerous opportunities to express their views – 15 different sessions in less than a year. Focus groups and multiple surveys began the conversation. Then, in 2014 there were seven amenity-specific open houses. Since sharing initial concepts last May, there have been six board meetings, all open to the community, with member comments and questions taken at the beginning and end of each meeting. At its January meeting, the "one campus" plan was discussed in open session. On Feb. 4, the board held an open house at the Sandcastle. The annual meeting was March 6,

again with member comments and questions from the floor. Property owners might have taken advantage of any of these opportunities to publically express their views. In addition, we have responded to numerous telephone and email inquiries.

Did KICA consider using property other than Rhett's Bluff?

Yes. In 2012, KICA's Amenities and Services Task Force researched every available parcel of land on Kiawah, including land owned by the resort and the developer. One parcel of land was available for purchase. However, purchasing land was not supported by the membership (61% opposed buying new land in the 2014 member survey, as well as a 2-1 rejection of a 2008 vote to purchase land). The board accepted your position and did not pursue a land purchase. KICA owns two sites adequate to accommodate amenities and parking: the 4.2-acre Sandcastle site and the 6-acre Rhett's Bluff site.

The Town of Kiawah Island will be vacating its Town Hall offices. Can it be used to support at least some of our needs, such as meeting space?

This is also explained in detail in the single-campus analysis mentioned above. In short, the town owns the building and we rent office space, all of which is heavily used and crowded. We will remain in the approximate 41% of the building we currently occupy. What ultimately happens with the balance of available space is up to the town. Should KICA have the opportunity to own or lease additional Town Hall space, it potentially could provide some meeting space relief for the community. However, it wouldn't be viable for fitness or pool expansion, and parking deficiencies that exist today would be exacerbated.

Why put fitness at Rhett's Bluff. Wouldn't it make more sense to have all fitness activities in one place?

One early idea called for keeping fitness and swimming at the Sandcastle and moving all social, educational and cultural activities, including banquet functions and some dining, to a yacht-club-like facility at Rhett's Bluff. However, the Amenities Planning Committee, board, staff and consultants agreed that fitness and small meeting space is more sensitive to the surrounding community at Rhett's Bluff than activities that draw large crowds at one time.

Does KICA have the legal right to build a facility on Rhett's Bluff?

Yes. KICA's counsel has conducted a detailed review of the governing documents, including covenants, bylaws, development agreements and operating standards. He has also reviewed in great detail a deed of conveyance for the Rhett's Bluff site, which

contains certain restrictions and many references to the various governing documents. Based on extensive research and advice from counsel, we are confident that KICA does have the legal right to improve its common property at Rhett's Bluff.

The landing is already zoned Parks and Recreation, the same zoning as the Sandcastle and, according to Town of Kiawah Island zoning maps, the same as Night Heron Park, The River Course and the Beach Club.

Historical information also supports that the landing has long been contemplated for amenities. In 1977, Kiawah's developer planned to build a marina at Rhett's Bluff and referred to it as "Marina Village." In 1990, a plat shows the 0.849-acre boat landing and the area surrounding labeled as "future development." The developer covenants at that time suggest plans to develop a club facility on the area of land marked for future development. A 1992 Legends Magazine confirms that Rhett's Bluff site is a community gathering place and showcases photos from the many festive events. In 1994, the developer conveyed to KICA the 0.849-acre boat landing and most of the surrounding area formerly labeled as land for "future development," a total of nearly six acres. The Rhett's Bluff site has always been intended as a community gathering place, with expectations for related facilities. It is not just a boat landing for the exclusive use of boaters, it is for all Kiawah property owners to use and enjoy. For a more in-depth look at this issue, please review [The Community's Right to Develop Rhett's Bluff](#).

Is KICA at risk of being sued over the proposed Rhett's Bluff development? Will we be forced to pay legal fees in defense on this plan?

Several individuals have threatened litigation. However, we have not been sued, and cannot predict the future action of others. We can't guess at what costs might be, but just as with planning costs, we do budget annually for legal considerations. Of course, we don't want to be sued. Yet, we cannot allow the threat of litigation by a few to dictate outcomes for the entire community. On multiple occasions we, along with our attorney, have indicated that we'd be interested in resolving the matter without litigation.

Why didn't KICA attempt to proactively resolve the legal issue at Rhett's Bluff by seeking a declaratory judgment?

Utilizing Rhett's Bluff for expanded amenities has been controversial. We acknowledge a difference of opinion with respect to the property's deed, and it's important to resolve this issue once and for all. Regardless of how individual members feel about the need for new amenities, this is not the first time there's been disagreement over how to best utilize the Rhett's Bluff common property, and we'd like to ensure the community never goes through this again. There's been discussion that KICA could, or should have, sought a declaratory judgment on the matter. KICA has sought to determine a process for resolution since last year, and to date we've been unsuccessful.

Following threats of legal action against KICA in May of 2014, KICA asked its primary legal counsel (Pratt-Thomas Walker) about options to resolve the deed dispute proactively, including the possibility of a declaratory judgment. Their opinion states the following:

"A justiciable controversy is required. That is, a real and substantial controversy which is appropriate for judicial determination, as distinguished from a dispute or difference of a contingent, hypothetical or abstract character. South Carolina courts do not give purely advisory opinions."

Soon thereafter, KICA retained Marvin Infinger of Nexsen Pruet to represent the community in this matter. He states the following:

"Such a declaratory judgment action would most probably have been deemed as 'not ripe' and it is my judgment that the court would have dismissed the action as not justiciable."

While there is clearly a debate with respect to what may happen in the future, there is not a controversy in the legal sense. Infinger has advised KICA that the upcoming member vote is a critical step in moving the controversy from hypothetical to justiciable. He has further stated that the board best fulfills its fiduciary responsibility by proceeding with a vote.

Notwithstanding the above constraints, the board authorized Mr. Infinger to discuss with the Kiawah Boat Landing Preservation Committee (KBLPC) KICA's desire to resolve the dispute. On March 23, 2015, Infinger discussed with the KBLPC attorney Matthew Richardson a possible framework for advancing the legal matter. On April 19, Leonard Long on behalf of the KBLPC emailed KICA indicating it would not bring a declaratory judgment action against KICA. On April 20, KICA's chief operating officer followed up with Mr. Long stating KICA felt it would be in the interest of the community, including Rhett's Bluff owners, to resolve the legal dispute, and sought his suggestions as to how we may move forward. On the morning of April 22, Mr. Long responded as follows: "We will figure out a way to get the legal issue decided as soon as Ph [sic] One vote is taken." This is where the issue stands today.

KICA believes the uses are legal, and to date there is no counterparty that has sought to adjudicate a contrary position. Until a "justiciable controversy" exists, KICA can only develop plans it believes are legal and in the community's best interest.

The Rhett's Bluff landing is located in a residential neighborhood. What steps has KICA taken to protect the neighborhood and property values within the area, preserve the natural look of the boat landing and accommodate increased traffic?

KICA's board and the Rhett's Bluff site architects have labored diligently to create a site plan that would preserve and enhance the neighborhood. Individuals who own property in Rhett's Bluff understand that they selected a neighborhood with a community amenity

(the boat launch was built in 1977), which has also been used for community gatherings since 1992 (see [The Community's Right to Develop Rhett's Bluff](#)). Examples of community gatherings include a Lacy J. Dalton concert, a Charleston Symphony event, a beach-themed party, a Bobcat Ball, weddings and annual oyster roasts.

When the board concluded that not every amenity improvement could be fulfilled at the Sandcastle, the fitness amenity was selectively chosen to be located at Rhett's Bluff over more active amenities like swimming pools which, in peak season, could potentially bring hundreds of people and noise issues. In contrast, a fitness center attracts a trickle of individuals, primarily during daytime hours, and noise would be minimal.

To better understand the traffic impact, we hired Toole Design Group to evaluate traffic volume and safety issues presented by adding a new facility at Rhett's Bluff. They concluded that the plans for a new facility would not present traffic safety or congestion concerns in the neighborhood or the intersections entering the neighborhood. They also opined that the causeway to Rhett's Bluff is sufficiently wide to safely add a bicycle/pedestrian path to link the community facility to Kiawah's leisure trail network, which we plan to do regardless of the vote's outcome.

We also prioritized the enhancement of natural habitat in the decision-making process. The boat landing and parking area is primarily desolate, sandy land. Site plans will add significant density to vegetation, improving the look of the area and providing more habitat for wildlife. In the fall of 2014, we hired Folk Land Management to study and advise the board on ecological concerns that could result from building a new facility. They reported that there would be no unique ecological issues, including wildlife habitat concerns, which should preclude building. Specifically they opined that a building plan should preserve native vegetation along the riverbank and observed that many of the recently planted trees in the center of the site can easily be transplanted into a new landscape plan. Final designs will reflect these findings.

The physical building at Rhett's Bluff was carefully considered to fit in a neighborhood setting. The architect chosen, Thomas & Denzinger, has designed many homes on Kiawah, including several in Rhett's Bluff, so their design will align with the neighborhood. The proposed new building is actually two 6,000-square-foot structures connected by a glassed bridge, reducing the overall scale. In fact, each of the two structures have a smaller footprint than the house to the east, they are shorter than the house to the east, and the distance from the forward to rear elevation on the two buildings is shorter than the house to the west. Its scale will blend nicely with the neighboring homes, and the site entry will be altered so that the building won't be visible from the street

The convenience of a state-of-the-art fitness center is expected to have a positive impact on Rhett's Bluff property values. Neighborhood property owners would be able to easily bike or walk to the new facility, as they now can at the Sandcastle, which is in a heavily populated neighborhood. In addition to the convenience of fitness, the expanded functionality of the boat landing, with its canoe and kayak storage, would provide easier and greater access to the Kiawah River for neighborhood property owners who do not have private docks on the river.

We conducted both traffic and environmental studies and are confident that design will accommodate the considerations. Both reports can be viewed online at kica.us/amenities.

Kiawah has so little open space. Why would you consider destroying one of the last remaining open parcels by building on Rhett's Bluff?

Far from destroying it, the plan is to enhance it and create a beautiful park for all property owners to enjoy. The finished site will have additional walking paths, more trees and vegetation than at present, parking embedded in tree-covered areas, and two modest buildings connected by a glass passage, while preserving the gazebo, dock and boat landing, and improving traffic flow and boat access to the river.

Kiawah has more open space than you might realize. We have park and open space at Cinder Creek, Glossy Ibis Park, Marsh View and Marsh Island parks, as well as countless areas around trails, ponds and marshes. In fact, KICA holds title to hundreds of acres of undeveloped property. Other island organizations hold open space as well. The Kiawah Conservancy, resort and developer all hold significant open space.

Will the boat launch ramp itself be altered?

No, the existing boat landing and dock system will remain intact. An improved configuration and traffic pattern will afford greater maneuverability for vehicles with trailers to approach the boat ramp, back in and pull out. The existing pavilion near the docks will remain as well.

Will any of the current amenities and activities at Rhett's Bluff be impacted by the proposed Phase II project?

They will be improved upon. The docks and pavilion will remain, and members will still have the opportunity to enjoy nature, crab, fish, have picnics at the pavilion, etc. Kayaking and canoeing will be more accessible with storage on site. The boat launch will be more maneuverable. The new buildings will provide new spaces and ways to enjoy the Rhett's Bluff property. Additional leisure trails will enhance walking, jogging and biking.

There is canoe/kayak storage at Cinder Creek. Why do we need more?

The canoe/kayak storage at Cinder Creek has always operated at capacity, with a waiting list of up to two years, even after the addition of a second boathouse in 2007. There is also no other community facility for all property owners on the beautiful Kiawah

River outside of the Rhetts Bluff boat landing. Adding canoe/kayak storage at the boat landing makes sense, and provides a new river experience for canoe and kayakers.

How will the Sandcastle proposal be paid for?

The most equitable way to pay the capital costs of these improvements is to borrow the amount necessary and modestly increase the amenity assessment over the term of the repayment. This allows the costs to be borne by both current and future owners, and takes advantage of historically low interest rates. Multiple banks have provided KICA with financing commitments that include a 15-year repayment period and rates that will average 5% or less for the entire life of the loan, eliminating the possibility of interest rate risk.

Did the board consider any option other than financing the projects? Does KICA have to take on debt?

Yes, two other options were considered. In early discussions, the board rejected paying for some of the construction from reserves, because the reserves are designated for future island maintenance and upkeep, and to reduce them could jeopardize the association's strong financial position. The board also rejected a "special assessment" that would require members to pay the full amount at the beginning of the project, because that would disadvantage homeowners who sold their homes within the following 15 years. By financing the projects and collecting assessments over 15 years, the homeowners who have use of the facilities will pay for them. Some members have asked about paying with user fees; however, even user fees would require a loan, and financial institutions will not consider a loan based only on potential future user fees.

What will the proposal for the Sandcastle cost?

We were careful to stay within the cost tolerance members expressed in the survey. As proposed and at today's dollars, the Sandcastle upgrades will cost \$245 a year for a 15-year period beginning in 2016. This equates to \$20 a month. The Rhetts Bluff facility in today's dollars breaks down to \$250 annually, just under \$21 a month. Please refer to the financial section of the [proposal](#) for full details.

If a property has multiple owners, how will that property be assessed?

The proposed amenity assessment will be tied to the property, not to the owners. Therefore, the primary owner of a property with multiple owners will be assessed \$245 for the Sandcastle phase. The various owners may decide among themselves how to

assign the cost. An optional amenity user fee is available for additional owner families who wish to use the amenities. For 2015 that fee is \$135. It is not tied to the amenity assessment.

When would construction of Phase I (Sandcastle) begin?

Detailed planning and engineering would begin immediately after an affirmative vote. We anticipate having the necessary permits in early 2016, and would determine what, if any, construction could occur in front of the Sandcastle before and during the summer pool season. We would not close the existing pool until after Labor Day 2016, with an expected full reopening in 2017.

When will we vote?

Referendum packets were posted in US mail on April 29. Voting deadline will be 5 p.m. on June 1. If you have misplaced your ballot login information to vote online, contact Carrie.Newbern@kica.us For information on voting, including a link to vote online, visit kica.us/vote.

Who votes on the proposal? Does each household get one vote?

Only "Type A," or residential members, vote. Each "improved" property — meaning a property with a dwelling or a building permit — has two votes and each "unimproved" property, or undeveloped lot, has one vote.

As a non-user of community amenities, why should I invest? Why shouldn't amenity users bear the entire cost to build new amenities?

There are philosophical, practical and policy issues associated with this question.

From a philosophical standpoint, everyone has to come to their own conclusion about the types of amenities and services that ought to be included in the basic amenity package associated with every property, and what that is worth to them. Kiawah is unique because of all of its attributes – beach, natural environment, club, resort. In 1994, voting to build the Sandcastle was controversial, yet Kiawah wouldn't have all it has to offer today without it. The community has been well served by the Sandcastle, offering, in addition to its pool and fitness amenities, space for the community and its clubs and other organizations to meet. Adding well-done, community amenities will not detract from the values and beauty of Kiawah, but will add another element to the island.

From a practical standpoint, reliance on user fees creates an unpredictable revenue stream that would be difficult, if not impossible to finance. With respect to policy, the covenants control how assessments are to be levied.

The worth of individual property is greatly impacted by the perception of the entire community. We believe all property will appreciate with reinvestment.

Will the interior of the Sandcastle be updated to make it more attractive?

The first floor fitness rooms will be repurposed to community space as described in the proposal. We initially considered updating and expanding the second floor ballroom, but rejected the idea due to costs associated with meeting new building codes. However, the construction estimate includes allowances to refresh the upstairs with painting and other cosmetic upgrades.

What happens if Phase I is approved but Phase II is not approved?

First, the Sandcastle will provide a far better pool and beach experience than it does today and there seems to be little doubt that Sandcastle is the appropriate location for pool amenities. Second, until there's an alternate location for fitness, it will continue to occupy the first floor of the Sandcastle. The space will be nicer with expansive ocean views, but not much larger. KICA would continue to pursue other solutions that meet the community's needs.

What is the current percentage of build-out and how will it affect amenities?

Lots sold to individuals (but not yet improved) plus lots yet to be sold indicate that about 35% of Kiawah remains to be developed. It's reasonable to expect even greater demand on amenities that become more strained as time goes on.

Will my family, guests or renters be able to use the proposed facilities?

Member family and guests are welcome, some subject to fees in effect at various times. Survey results were definitive on the issue of renter use – members prefer that community facilities remain “member only.”

What is the benefit for those who have Governors or Kiawah Island Club memberships? Ocean Park lots are being sold with club memberships - does that make a difference in need?

This isn't just about pools and fitness. It's true that club members have some alternatives for these activities, but the availability of cost effective meeting space for clubs, groups, and community gatherings is very limited outside of the Sandcastle. Many club members never set foot in the Sandcastle pool and fitness areas, but are regulars at Conservancy events, book clubs, Bible studies, Arts Council events, card groups, and a host of other activities.

However, the proposed projects provide benefits even to those who primarily use club facilities. First, the proposal provides some measure of relief to the crowding issues that exist at club facilities, particularly the Sports Pavilion and the Beach Club. The central location of the Rhett's Bluff facility will also be a convenient option for club members who perhaps live on the eastern end of the island. The Ship's Store and meeting space at Rhett's Bluff will provide a convenient and comfortable gathering space. The enhanced Sandcastle pool and beach project will be an alternative to the Beach Club for those seeking a beachfront pool experience. In addition, national trends indicate that amenities are very important to future buyers, equating to higher property values on Kiawah. There is certainly something to be said for the "rising tide lifts all boats" philosophy, and there's no doubt that this proposal improves the overall amenity offering.

I own an investment rental property. What value is there in this proposal for me?

Investment values are inextricably linked to the perception of value in the eyes of future buyers. Real estate investment in a residential resort area like Kiawah is more than bricks and mortar; it is also the lifestyle that accompanies property ownership. Just as you reinvest in your unit to make it more current and appealing, so we must reinvest in the community to maximize all values. Higher overall values lead to higher rents. Higher rents lead to more affluent renters. More affluent renters are more likely to invest on the island and become property owners.

The Sandcastle is a major part of West Beach, the island's oldest neighborhood. Over the last few years, there's been focused reinvestment in West Beach by KICA, Kiawah Island Golf Resort (KIGR), various regimes, and individual property owners in order to strengthen property values. If the community makes a significant investment in the Sandcastle, and KIGR ultimately redevelops the Straw Market and Old Inn site, the ripple effect across the neighborhood will be very positive for property values.

How much and why has the board spent on planning?

Three different boards have incurred amenity planning expenses. The 2013 board spent \$66,000, the 2014 board spent \$112,000, and the 2015 board has spent \$68,000. Over three years these total about \$253,000. More than half of the planning dollars were

associated with the work performed by The McMahon Group to meet with members, conduct an initial survey, develop initial concepts and complete a second survey. In context, those planning dollars are a small fraction of the \$35 million spent to operate the community association in that same time period.

Board planning is not a new budget line item; each year the board budgets and spends funds for such purposes. In 2008, a similar referendum was advanced to purchase property for what was then recognized as a coming need: land for future growth. Specific use for the land would be left to future boards. In a post-referendum survey, members indicated the number one reason they rejected the proposal was the lack of a specific plan. From that exercise the board learned that KICA's members want the details, and worked to meet those expectations. We were careful to create a full plan, complete with related research and studies. Costs over several years have included owner input surveys, land planning, traffic engineering, environmental studies, architects, and our planner, Mark Permar.

Why did KICA stage "road shows?" How much did they cost?

85% of our members are part-time residents; thus 85% of KICA's budget is funded by these same members who rarely have an opportunity to attend KICA meetings. We have a responsibility to communicate with them in a variety of ways. More than 5,000 of our 8,000 members live within a two-hour drive of one of the seven amenity presentations, and hundreds of members attended. The opportunity for them to see the plans first-hand and to interact with administration, board and consultant/planner Mark Permar, was important.

Travel expenses, including transportation, lodging and meals for the presenters, were under \$5,000. The cost of the member meetings (venues and refreshments) was approximately \$5,000 per location, or around \$30,000 in total. The expense of the various member meetings was roughly equal to the cost of *Celebrate Kiawah*, which serves primarily full-time residents.

What communities did the comparisons subcommittee and McMahon Group compare Kiawah against?

The Community Comparison Subcommittee looked at 14 resort communities, including Seabrook, Sun River, Big Canoe, Lake Naomi Kings Mill, Sea Pines Plantation and others. The McMahon Group is vastly familiar with amenities in planned communities, having represented over 1,600 communities and clubs, including Boca West Master Association, Keowee Key Community Association, Lake Naomi Association, St. James Plantation and Spring Island. These communities naturally do not have what Kiawah has, yet each offers their own unique and equally spectacular native landscapes, from majestic mountains to sweeping vistas and broad rivers. They, too, have reinvested to retain the lifestyle experience and remain competitive.

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