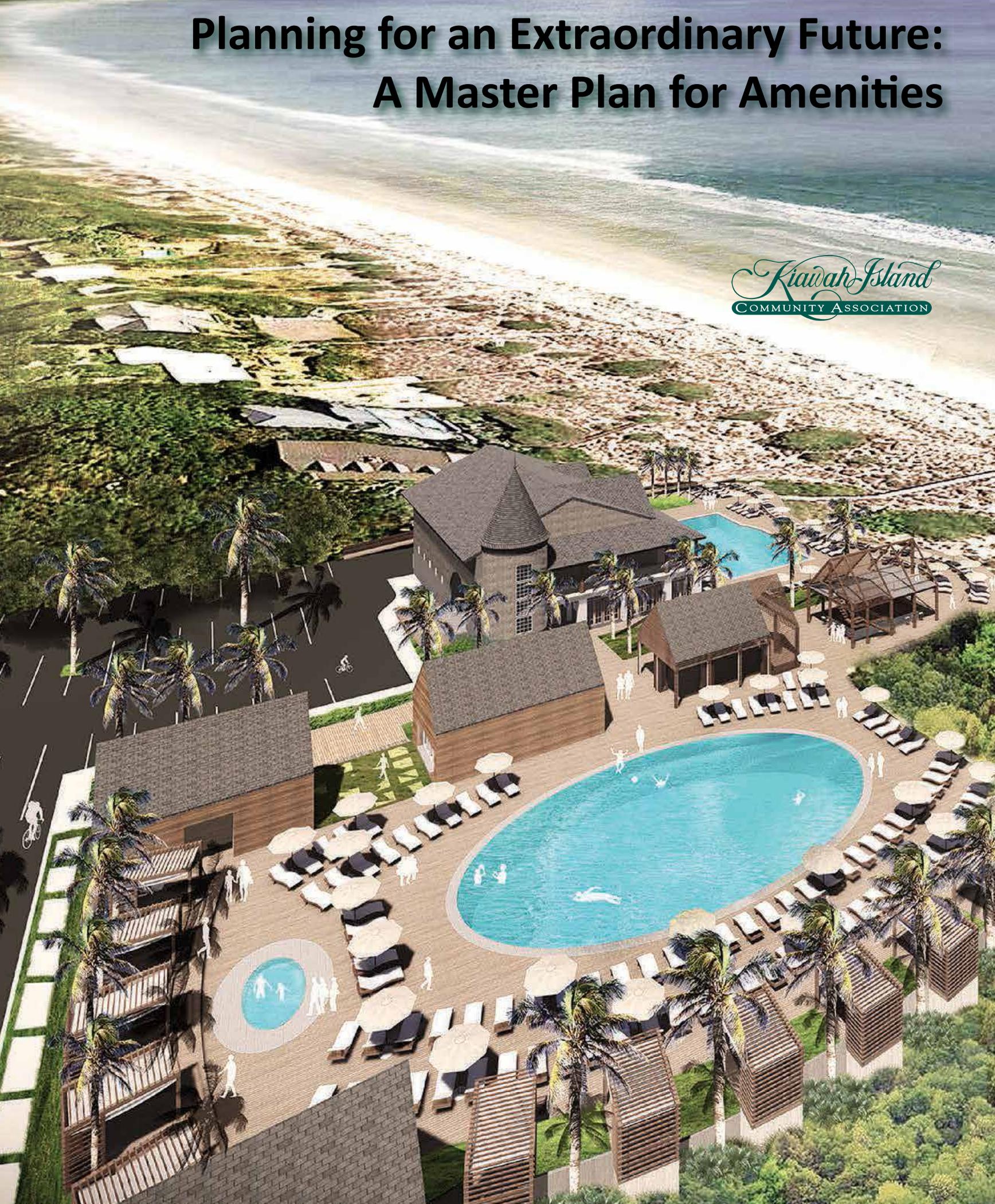


# Planning for an Extraordinary Future: A Master Plan for Amenities

*Kiawah Island*  
COMMUNITY ASSOCIATION





April 2015

Dear Fellow Property Owner,

We are all fortunate to live and play on Kiawah Island. Because of thoughtful and sometimes difficult decisions in the past, we enjoy a world-class resort community. Past decisions, however, won't necessarily guarantee our future, and it is clear that Kiawah has fallen behind the standards for certain amenities in the type of first-class community that is Kiawah. There is a need for continued investment. Today, you have the opportunity to positively impact the community's future by voting to improve KICA's amenities for you, your family, and future generations of purchasers.

The recommendation you will find within these pages is a culmination of efforts over many years by many people, with substantial community input. We are presenting a Master Plan for upgrading KICA's amenities, which consists of two phases: a substantially improved pool and beach experience at the Sandcastle, and a community center at KICA's property at the Rhett's Bluff boat landing, to house a fitness amenity, social gathering space, and improvements to the existing boating experience. This plan will enrich your current experience and help preserve your property values. It is designed to accommodate a growing island population and evolving community preferences for future decades. Your board resolutely believes it is the right plan at the right time, and at a very reasonable cost.

Included in this material is information on the process that led to this plan and considerations made during planning, as well as frequently asked questions. There are also references to where you can find more detailed information. The visuals provided here, and on the KICA website ([www.kica.us/amenities](http://www.kica.us/amenities)) convey key design features and functionalities of the projects. We will not commission detailed plans, which would incur additional fees, until the property owners have voted to move forward. We have, however, used the pre-construction services of a prominent local commercial builder, and have obtained bank financing commitments, so we are confident of the financial information presented.

A group of Kiawah residents have vocally opposed KICA's concept of using its Rhett's Bluff property to house amenities. While they agree with the need to invest in amenities, they believe all such improvements should be on the existing Sandcastle site. They also believe that KICA does not have the legal right to develop its Rhett's Bluff property for the benefit of all property owners. KICA disagrees with both of these positions. Within this material you will find information to help you understand and assess these issues, as well as links to KICA's website to get more detailed information.

You are being asked to approve an increase to the existing amenity assessment. This added assessment repays the debt service associated with construction costs, and funds incremental operating expenses. The details are included herein.

Planning Kiawah's future is critical. Please carefully review these materials. Also, take a few moments to watch the enclosed DVD to hear directly from the plan's architects and your fellow property owners. Each of you must decide whether you support additional investment in the future of Kiawah. Whether or not you feel you would use the improved amenities, we believe there is a compelling case to approve the modest assessment increase to enhance your current experience and keep Kiawah at the forefront of high-end resort communities. Please make an informed and thoughtful decision after you study all the facts. Your vote counts.

Sincerely,

A handwritten signature in dark ink that reads "Dave Schoenholz".

Dave Schoenholz

A handwritten signature in dark ink that reads "Will Lehder".

Will Lehder

A handwritten signature in dark ink that reads "Marilyn Olson".

Marilyn Olson

A handwritten signature in dark ink that reads "Larry Kreyling".

Larry Kreyling

A handwritten signature in dark ink that reads "Art Jones".

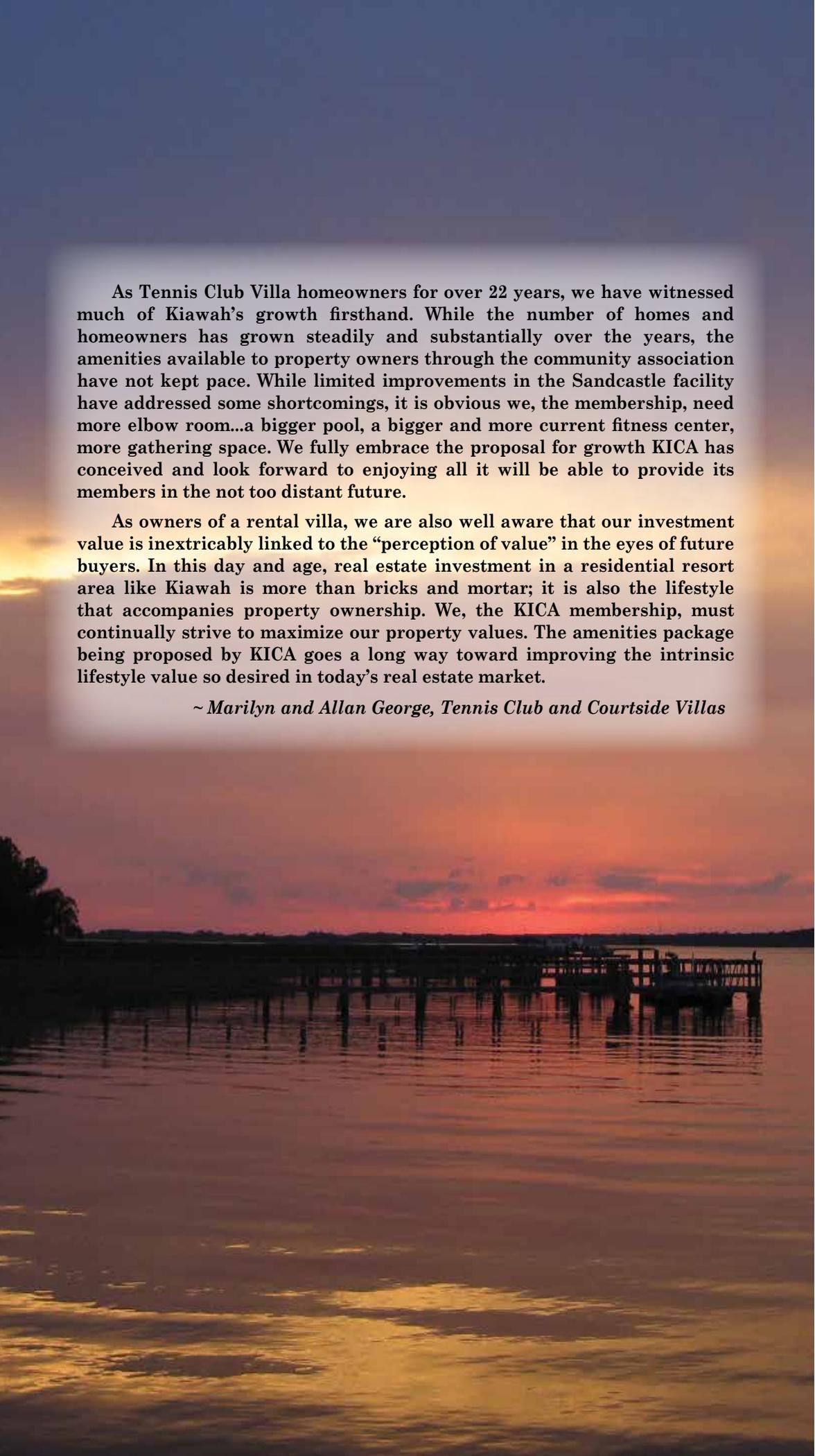
Art Jones

A handwritten signature in dark ink that reads "Bruce Stemerman".

Bruce Stemerman

A handwritten signature in dark ink that reads "Townsend Clarkson".

Townsend Clarkson



As Tennis Club Villa homeowners for over 22 years, we have witnessed much of Kiawah's growth firsthand. While the number of homes and homeowners has grown steadily and substantially over the years, the amenities available to property owners through the community association have not kept pace. While limited improvements in the Sandcastle facility have addressed some shortcomings, it is obvious we, the membership, need more elbow room...a bigger pool, a bigger and more current fitness center, more gathering space. We fully embrace the proposal for growth KICA has conceived and look forward to enjoying all it will be able to provide its members in the not too distant future.

As owners of a rental villa, we are also well aware that our investment value is inextricably linked to the "perception of value" in the eyes of future buyers. In this day and age, 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. We, the KICA membership, must continually strive to maximize our property values. The amenities package being proposed by KICA goes a long way toward improving the intrinsic lifestyle value so desired in today's real estate market.

*~ Marilyn and Allan George, Tennis Club and Courtside Villas*

## An Evolving Island

Kiawah Island is renowned as one of the world's most desirable destinations. An integral part of KICA's work is to lead the island into the future, and to assure that as our community grows and evolves, so too does its infrastructure, amenities and services. KICA's present Sandcastle Community Center amenity was designed and built 20 years ago, when the island's population was less and the needs and interests of the community were different. At that time, the center was a significant improvement over the rustic cabana that had served owners since the inception of the community. But the current Sandcastle can no longer accommodate the larger population and more diverse programming requirements of our greater community.

Undeniably, Kiawah's 10 miles of beach and 20+ miles of trails provide an incomparable outdoor recreational environment. A community of Kiawah's stature also requires recreational facilities of commensurate quality. Today, people place increased importance on fitness, health and wellness. Newer and forward-thinking resort communities have invested significantly in sports and fitness amenities for their owners. The renovation and expansion of the oceanfront Sandcastle, and the creation of a new facility that enhances owner enjoyment of our beautiful riverfront at Rhett's Bluff, will maintain the experience owners expect.

## A Process Years in the Making

Whether corporate or community, leadership must engage in long-term planning for a viable future. KICA's earliest Long Range Plan dates to 1998. In 2006, the Board of Directors transitioned from making operational decisions to focusing on strategic initiatives. The development and publication of the first strategic plan in 2008 set the board on a visionary path that has continually evolved along with the island. Since that time, numerous boards, committees, task forces, demographic panels and professional advisors have studied, researched, compared and sought input about lifestyle desires and what makes communities thrive and retain market position. For 18-months during 2011-12, the Amenities and Services Task Force – comprised of a range of demographics including full-time, part-time, younger, older, club and non-club members, users and non-users of the Sandcastle, and investors – concluded that KICA's amenity offerings have not kept pace, creating a risk of negatively impacting the Kiawah experience and potentially making the island a less attractive investment for the next generation of buyers. In 2013 and 2014, member input was obtained via two surveys (the second with a 51% response rate), focus groups and open forums. The results of this input drove the planning process and refinement of concepts over time. We hired long-time Kiawah planner Mark Permar, conducted traffic and environmental studies, and revisited whether or not we could house all amenities at the Sandcastle. This process ultimately led to the two-phase Master Plan being presented to you today.

***Kiawah has fallen behind its peers and no longer meets the minimum standards for amenities in a first class community.***

~ ASTF Final Report, Sept. 2012

Throughout this process, KICA has kept you abreast of developments via the *Kiawah Island Digest*, website, weekly emailed news, live forums, mobile app and social media. The final two-phase plan has been shaped by member input and opinion and is the culmination of a nearly nine-year-long process.

**Whether you use the new facilities being proposed or not, they are critical to maintaining our world class island and all of our property values.**

~ Brad Gabosch, Green Winged Teal

## The Master Plan

This proposal is a Master Plan for amenities, developed after years of study by eight different boards, numerous committees and task forces, and property owner input. It will improve your Kiawah experience, by providing you with facilities that showcase expansive ocean and river views, an enhanced pool, dining and bar experience, more community gathering space, increased kayak storage, improved accessibility to the Kiawah River, updated and spacious fitness areas, new multipurpose studio space, a larger library and lounge and much more, all for the exclusive use of Kiawah owners, and for less than \$1.50 a day. The size of Kiawah's population makes the increase in cost nominal to protect your investment and provide \$16 million in new private amenities.

The Master Plan has been developed to improve member experiences today, and allow room to grow as Kiawah's development continues. **The first phase of this plan is to improve the Sandcastle, which with your affirmative vote will increase the existing amenity assessment by \$245 a year for 15 years.** The second phase is to construct a new facility at Rhett's Bluff which, based on today's construction costs and interest rates, would result in an additional assessment of \$250 a year for 15 years. However, due to potential legal delays based on opposition to the Rhett's Bluff project, future costs and interest rates are not predictable. It is better to make the decision to invest in Kiawah wisely and not just quickly. Accordingly, **you will vote only on funding Phase I (The Sandcastle) at this time.** We will conduct a future vote to approve funding for Phase II when we are more confident of a realistic time frame. **An affirmative vote for Phase I does not affect your future vote on Phase II.**

### Key Findings from Surveys of Existing Property Owners

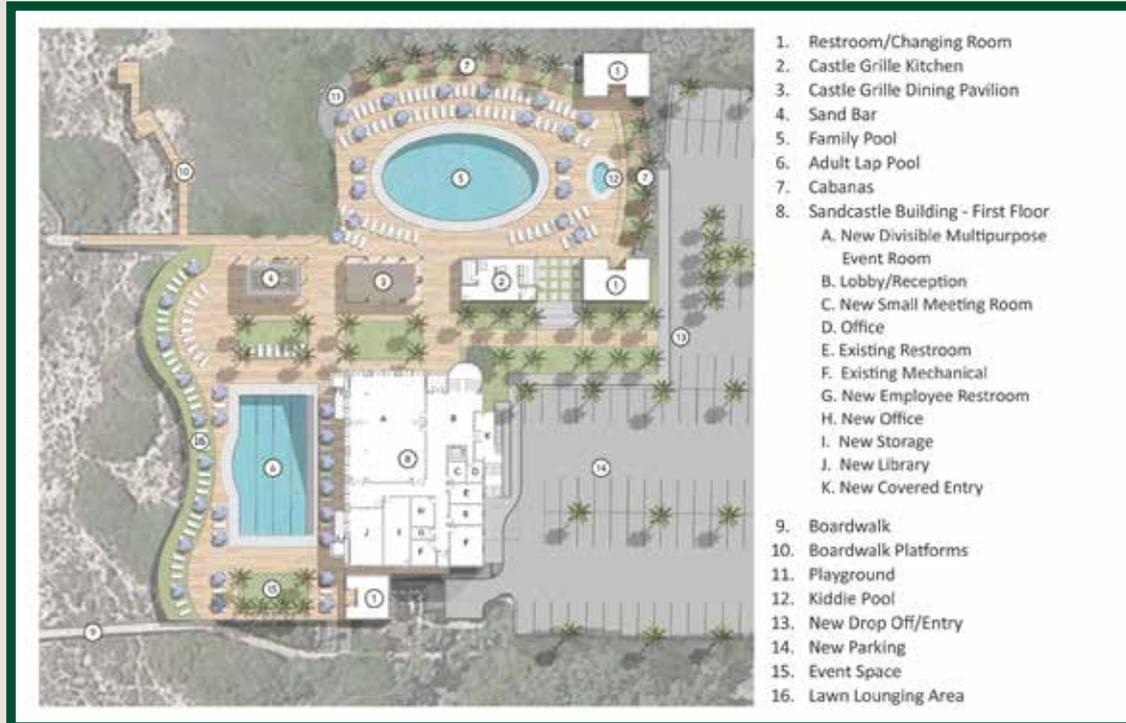
- **99% satisfaction with beach; 93% satisfaction with trail system.** Despite such high satisfaction with natural amenities, overall satisfaction was below the average in communities benchmarked by KICA's consultant.
- **88% willing to pay additional assessment of some amount for improved amenities.**
- **86% believe quality amenities are important to property values; 81% purchased as an investment opportunity.**
- **81% rank fitness important to lifestyle; 63% rank social, cultural and educational opportunities key to lifestyle.**<sup>1</sup>
- **Respondents expressing satisfaction with the pool concepts advanced in the June 2014 survey outnumbered those dissatisfied respondents by a margin of over 2 to 1. By a margin of 1.7 to 1, respondents who agreed that the fitness facility needs to be improved outnumbered those who disagreed.**
- **An improved fitness facility was ranked as important to the Kiawah lifestyle across the board: 81% of all respondents, 81% of buyers before 2011, 89% of buyers after 2011, and 87% of those under 65.**<sup>2</sup>
- **38% of existing member respondents expect to increase their use of amenities.<sup>2</sup> This number increases to 70% for those who purchased since 2011.**<sup>1</sup>

**It's no surprise our unsurpassed beach is the major draw, and our mild winters make the trails popular year round. It is also clear that we do not provide the fitness and pool experience that existing property owners, as well as younger and more recent buyers, expect.**

<sup>1</sup> The nearly 35% of lots still to be built upon must be considered when planning capacity needs into the future.

<sup>2</sup> Recent purchasers and younger owners are a strong indicator of market preferences. In every response they indicated overwhelming support for amenity enhancement.

## PHASE I: SANDCASTLE



**Family Pool and Reinvented Dining and Bar Experience**

**Phase I (for Vote):** The Sandcastle property will be reborn with sweeping ocean views and breezes.

- The outdoor space is transformed to include a pool for families of all ages, and a heated adult lap pool for those seeking exercise or a more peaceful experience. The results are 23% more swimming area, 30,000-square-feet of pool and deck space, and 7,000-square-feet of lawn areas, adding up to a 94% overall increase in deck and circulation space.
- A reimagined point of entry connects the existing main building with the new pool and deck area before opening up to sweeping ocean views, creating a complete resort-style experience.
- The deck is elevated to the height of the existing first floor of the Sandcastle, revealing a breathtaking 180-degree view of the ocean.
- The Castle Grille is reinvented with a dining experience under an open air pavilion to escape the heat.
- The new Sand Bar serves up both shade and sun, allowing you to sip a cool drink while enjoying tranquil ocean views from the ground floor, or from a rooftop deck reminiscent of The Topsider at the original Kiawah Island Inn.
- Private poolside cabanas, expansive decks, and grassed areas along the natural curvature of the dunes provide more privacy while lounging. New umbrellas and beautiful palm trees around the deck increase shade dramatically.
- Your poolside experience is completed with spacious locker rooms with showers, and a children's pool and playground.
- Critical dune habitat between the Sandcastle and Seascape Villas, as well as the north end of the site, is sensitively preserved.
- Inside, current first floor fitness rooms are repurposed as spacious meeting rooms for community clubs and functions. Rooms feature panoramic ocean views that can also be enjoyed from the library/lounge even when the rooms are in use. Large doors will allow this space to open to the pool deck for combination indoor/outdoor meetings and events.<sup>3</sup>



**Ocean Views from Spacious First Floor Meeting Rooms**

<sup>3</sup>Until Phase II of the Master Plan is completed, the Sandcastle's first floor will remain fitness rooms.

All communities need facilities that can be used by everyone. While there are clubs and offerings by other organizations, they may not always be available to us. Choice is important. These proposed facilities would provide us with that choice, in fitness as well as social opportunities. The island has far outgrown the capacity of the Sandcastle, and it can no longer accommodate our needs or growth for the future.

~ Katie Kotz, Greensward Road

Our amenities are crowded. When I look at the construction occurring on the island and the lots not yet sold, I know these people are coming. They've made the same investment we have. We'd better be ready for them.

~ Scott Nelson, Persimmon Court



*Rhett's Bluff Site*

**Phase II (Future Vote):** The Rhett's Bluff facility will afford an unparalleled opportunity for property owners to experience one of the island's natural treasures, the Kiawah River.

- Two joined 6,000-square-foot structures invite you to take advantage of the only point on the island from which the Kiawah River is accessible to owners.
- The ground level provides covered storage for canoes and kayaks, just steps away from the serene Kiawah River.
- Improved configuration and traffic pattern affords greater maneuverability for your water craft and trailer, making launching easier than ever.
- Three gathering areas enhance your social experience: a Ship's Store with a coffee/juice bar and two multipurpose rooms suitable for creative activities, like painting, or small community club/group gatherings, like a Photography Club workshop.
- Decks and viewing platforms welcome you to watch kayakers and dolphins, or surround yourself with stunning sunsets.
- The spacious fitness room provides treadmills, bikes, and weights, while showers and changing rooms offer a comfortable place to freshen up after working out.
- Two fitness studios afford space for group fitness classes or stretching and meditation.
- The Ship's Store provides a convenient location for picking up last minute boating necessities.
- The location is central to all points on the island, and invites walking or biking.
- The sand and gravel parking lot is transformed, and critical habitat enhanced, to showcase the serenity and beauty of the natural setting. Here, self-imposed buffers dramatically exceed requirements, more trees and vegetation will exist than today, and sensitive entry and exit points give consideration to neighboring homes.



*Rhett's Bluff Site – First Floor*



*Rhett's Bluff View from the Kiawah River*

*Fitness Room Overlooking Kiawah River*



*River View from Entrance*



*See larger and additional views online.*

I'm barely even a part-time resident, as I come to Kiawah only about a half dozen times a year, mostly for holidays or long weekends, and I am also a Kiawah Club member. The plans for upgrading KICA amenities are exciting and essential. Rhett's Bluff is a valuable community asset, and the new plans would maximize its value to the entire Kiawah community. Kiawah needs to maintain its status as a premier resort community, and KICA's current physical facilities do not measure up to that standard. I view this very modest fee as an insurance policy on my considerable investment.

*~ Mike Rogan, Blue Heron Pond Road*



**Heated Adult Lap Pool and Expansive Decks**

**Financing:** 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.

**Costs (Construction and Operating):** Construction estimates, including soft costs such as planning and engineering, were provided by the architectural firms for each project. KICA also engaged the preconstruction division of Hill Construction, one of the area’s leading commercial contractors, to provide its own cost estimate for each project. Hill’s estimate is an exhaustive analysis of detailed plan elements and is considered conservative. It also includes a 10% contingency for each project. The projected cost of Phase I (Sandcastle) is \$8.6 million; Phase II (Rhett’s Bluff) is \$7.4 million.

There are two components to the proposed increase to your existing amenity assessment. The first is for the debt service on the financing, and the second is the increased operating costs for upgraded and new facilities. The amounts shown below represent an annual increase to the existing Amenity Assessment.

**Amenity Assessment:**

<b>Phase One - The Sandcastle - Current Vote</b>	<b>Debt Service:</b>	<b>\$210</b>
	<b>Operating Expenses:</b>	<b><u>35</u></b>
	<b>Total:</b>	<b>\$245 annually</b>
<b>Phase Two – Rhett’s Bluff – Future Vote</b>	<b>Debt Service:</b>	<b>\$180</b>
	<b>Operating Expenses:</b>	<b><u>70</u></b>
	<b>Total:</b>	<b>\$250 annually</b>

**You are voting to approve an amenity assessment for Phase I (the Sandcastle) ONLY, at an annual cost of \$245 for 15 years, beginning in 2016.**

***This amounts to \$20 a month, or \$0.67 a day.***

***This breathtaking facility amounts to \$0.67 a day.***

It all comes down to preserving the value of our real estate, and recognizing what the future holds for Kiawah. ~ Glenn Brown, Sanderling Court, Finance Committee Chair

Developers come and go, and once they are gone, or near the end of the development cycle, someone has to take their place. In order for Kiawah to remain among the best, KICA must assume a leadership role to ensure that Kiawah remains relevant in an increasingly competitive resort community marketplace. Strong community associations willing to make tough reinvestment decisions are the lynchpin of success.

~ Buddy Darby, CEO, Kiawah Partners 1988-2013



## Key FAQ's

### 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.

### Would a single-site at the Sandcastle work?

We considered a single-site plan very early in our study process and concluded that the Sandcastle property isn't big enough to ease the practical issues of overcrowding and serve a community of Kiawah's size. In addition to our evaluation, a Rhett's Bluff owner presented the board with his single-site proposal in late 2014 and we evaluated it in great detail. With the assistance of our planner, Mark Permar, the board ultimately concluded the plan was not viable and would likely require a multi-story parking garage. In March of 2015, the same individual, along with a few others, revised the plan by downsizing amenity components in an attempt to solve the parking equation. We carefully evaluated this proposal as well, and determined that parking issues remained, and the design by necessity had too many negative tradeoffs due to sizing limitations. We concluded that much of the functionality would be less desirable than we have today, and the fitness center did not provide a long-term solution to community needs. Read the single-site concept and our analysis online.

### 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.

### Where can I find additional information?

- View the DVD included in this packet.
- Visit the online amenities page: [kica.us/amenities](http://kica.us/amenities). Here you will find in-depth documents including the Strategic Plan, committee reports, detailed survey data, single-site and dual-site comparisons, a discussion of the communities right to build at Rhett's Bluff, traffic engineering and environmental studies, and additional FAQs.

Much has been said and written about KICA's decision to improve its common property at Rhett's Bluff. That information, including the history of the site as well as a complete memorandum from KICA's legal counsel, can be found at [kica.us/amenities](http://kica.us/amenities). A summary is below.

### Attorney Marvin Infinger: Proposal Development Process

For the last ten months, I have advised the KICA Board of Directors while they have planned and developed this amenity proposal. They have been diligent, detail-oriented, shown exemplary business judgment, and are to be commended for their professionalism.

I have conducted a detailed review of the community's governing documents, including covenants, bylaws, development agreements, and operating standards, among others. I 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 previously mentioned. I'm highly confident based on these documents, which are supported by the historical record, that the proposal is legal.

Some owners argue that the deed prevents KICA from adding amenities at Rhett's Bluff. We simply disagree. I encourage property owners to vote based on whether you think the proposed improvements will enhance Kiawah for you and future owners.

Marvin D. Infinger  
Nexsen Pruet, LLC

The recent *Digest* detailing the history of Rhett's Bluff, the early intentions of developers, and the explanation of community development over time was informative and helpful in understanding the bigger picture. We appreciate KICA's efforts to fully explain the situation to all homeowners.

We are fully in agreement that these improvements are necessary and desirable. Kiawah is a special place in a special community, but it is in need of significantly improved fitness facilities and a pool for property owners that makes the most of our natural surroundings. The Rhett's Bluff location is ideally suited for a new community facility while the plans for the Sandcastle will make the most of the oceanfront location and resident usage. We are looking forward to these new amenities!

~ Kristen and Duane Byers, Marsh Cottage Lane



We hope you are excited about these enhancements to your Kiawah experience. Kiawah has always been a leader among large-scale resort communities, and we are committed to preserving the lifestyle and experience you expect.

We believe this Master Plan responsibly balances our goal to satisfy existing and future needs. Program elements such as those we are proposing are integral to the lifestyle of Kiawah and are important for property values. With approximately 35% of lots yet to be built upon, and current facilities that are already overtaxed, we must position ourselves to support existing demand and the coming growth.

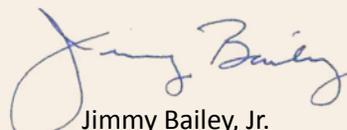
We realize that finances are a key consideration for everyone. All property owners pay annual assessments, and some pay additional regime or club fees. All of us live within a budget. Yet, for a modest amount, this Master Plan will play a key role in securing Kiawah's member experience for years to come and protect your investment in Kiawah. The perspective offered by your neighbor Mike Rogan on the center pages is insightful, as he views the assessment increase as an "insurance policy" on his significant property investment.

Near the end of the enclosed DVD, a 1970s aerial of the original Kiawah Inn reminds us that cutting edge amenities have been a part of Kiawah's appeal since the early days of development. Billed as "A World of Luxury" these facilities, combined with an unparalleled natural environment, propelled Kiawah to the forefront of resort communities. Kiawah needs your support in reinvesting in these important amenities, keeping the island world-class and continuing to attract the next generation of resort property buyers.

If you have clarification questions after reviewing all the available materials, we are here to help you. Contact Board Secretary Carrie Newbern at [carrie.newbern@kica.us](mailto:carrie.newbern@kica.us).

**Please cast your vote in support of Phase I of this proposal either online at [kica.us/vote](http://kica.us/vote) or by return ballot today.**

Regards,



Jimmy Bailey, Jr.  
Chief Operating Officer

For more than 25 years, I have actively and publicly worked to increase community involvement and input to both KICA and the Town of Kiawah Island regarding decisions impacting Kiawah property owners. I have not hesitated to criticize either entity when property owner input has been excluded or ignored.

Regardless of whether you are for or against the KICA amenities proposal, the process has been more open than in many other instances on Kiawah. Property owners were surveyed about amenities in 2013 and 2014. After KICA's initial proposal was presented to the community, the board responded to feedback by eliminating an indoor pool and drastically reducing the size of the facilities proposed for KICA's common property at Rhetts Bluff. The board carefully considered a single site alternative proposed and funded by a Rhetts Bluff property owner. At the public part of the January KICA board meeting, COO Jimmy Bailey explained in detail why the proposal was not a viable long-term solution and could not meet the growing needs of the Kiawah community.

While there may be disagreement about the amenities being proposed, the KICA board has actively sought input from the community and responded to feedback it has received.

~ Wendy Kulick, Marsh Edge Lane

