

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

Emergency Storm Policy

This policy supersedes the May 2017 policy.

WHEREAS, ARTICLE VII, SECTION 6, of the Declaration of Covenants and Restrictions of the Kiawah Island Community Association, Inc. (the “covenants”) authorizes all actions of the Association if approved by the Board of Directors of the Association (the “board”) in a manner provided for in the By-laws; and

WHEREAS, ARTICLE IV, Section 1, SUB-SECTION C of the By-Laws of the Kiawah Island Community Association, Inc. empowers the board to exercise for the Corporation all powers, duties and authorities vested in or delegated to the Corporation; and

WHEREAS, Kiawah Island was impacted by tropical systems during the period of 2016 - 2019; it is reasonable to assume that other named storms will impact Kiawah Island and the Association periodically in the future; and

WHEREAS, the board considered various options for funding the clean-up and repairs in a manner that would not create a significant and unplanned cash outlay impacting either the Association or its members; and

WHEREAS, the board determined a policy would be useful in the event of future named storms and to set aside a dedicated named storm reserve initially in the amount of \$1,000,000.00.

NOW THEREFORE BE IT RESOLVED THAT the following Emergency Storm Reserve Policy shall guide the Association until such time as a majority of Directors determine otherwise:

1. KICA will have available up to \$1,000,000.00 in clean up and repair expenses from the named storm reserve.
2. Eligible expenses may be funded from the then existing named storm reserve at the direction of the COO and with the approval of the Board Chair and the Treasurer of the Association. The COO may individually commit up to [\$100,000.00] as necessary, prior to obtaining the above mentioned consents. All authorized expenditures from this reserve will be reported as information to the board at the next available board meeting.
3. If all or any part of the funds in the then existing named storm reserve are depleted, the COO will propose and after review and recommendation from the Finance Committee, the board will consider and approve subsequent funding from operating funds of the Association (or otherwise) in order to reinstate the reserve to \$1,000,000.00. It is the intent, (but not the requirement) of this policy, that replenishment to \$1,000,000.00 take place as soon as prudent and feasible, but not later than three (3) years after funds from the reserve have been expended.
4. In the event a storm occurs, prior to the emergency storm fund being replenished, the board will make a decision on how to fund expenses, up to and including a special assessment of the membership.

5. Nothing in this policy in any way limits any other authorized manner in which the board may decide to fund storm damage, regardless of amount.
6. This reserve will be subject to the disclosure and reporting requirements in the same manner as other named reserves of the Association.
7. Funds set aside for this reserve will be subject to the relevant investment policy of the Association.
8. Expenses eligible to be funded from this emergency storm reserve, shall be unanticipated and unbudgeted general clean-up and repair expenses, incurred as a direct impact of an emergency storm and which are not otherwise possible or prudent to fund from (a) general Association operating cash or investments, (b) proceeds available from Association property and casualty insurance, or (c) other reserves as deemed available and appropriate for such expenses, as determined by the board of the Association.

Approved by KICA Board on _____, by a vote of _____.

In Favor:

Against: