

KIAWAH ISLAND  
COMMUNITY  
ASSOCIATION

**BOARD OF DIRECTORS**

**Meeting Minutes**

**February 6, 2023 at 1 p.m.**

**Virtual and In-Person Meeting**

Board Members Present:

Jerry McGee, Chair  
Beth Zampino, Vice Chair  
David DeStefano, Director  
Lisa Mascolo, Treasurer

Brad McIlvain, Secretary  
Alex Fernandez, Director  
Amanda Mole, Developer Director

Staff Members Present:

Shannon White, COO  
Ellen Festa, Executive Assistant  
Sarah Bond, Director of HR  
Mark Ruppell, Director of Security

Tony Elder, Director of Operations  
Dale Schoon, Director of Finance  
Amy Cook, Director of Recreation

Member Attendees: (34 In Person / 45 Virtual)

Recording of Meeting: <https://www.youtube.com/watch?v=AmKv8OU39T8>

**\*\* Note:** *Technical difficulties in the first 2:38 mins resulted in video but no audio. Audio corrected at 2:39 mark.*

Jerry started the meeting by reading the following statement: “I would like to thank Alex for his service to the Community and I want to make sure that I state categorically that the Treasurer transition had nothing to do with anything related to the finances of the organization.”

Motion by Brad McIlvain to send out a communication to the community about Treasurer, seconded by David DeStefano.

**Vote Passed: (6) In favor** – J. McGee, B. Zampino, B. McIlvain, A. Mole,  
D. DeStefano, L. Mascolo

**(1) Abstain** – A. Fernandez



## 1. Member Comments – Agenda Topics

- Member Todd Boney: Will you be addressing the question about ARB for Common Areas.
  - Jerry responded that we will discussing ARB later in the meeting.
- Member Erin Slater: Question about By-laws – March 2022 Shannon signed easement relocation document for a Board member property. Did Board approve? If not, is Shannon authorized to sign? Partners also signed, are there disclosure requirements? Is this classified as a favor.
  - Brad: It was signed on March 14, 2022 and Shannon is not authorized to sign. Chapter 7 FCM says any contract regardless of size needs to go to the Board. Based on that, doesn't think there's actually a contract. Shannon will review to provide additional info.
- Member SueEllen Hanan: Thanked Shannon for her patience with Sandcastle Group. Original proposal had passes and it was a unanimous vote on that recommendation. It's not in this proposal and this committee needs to keep meeting and work on equity for all. SueEllen asked that today's recommendation be viewed as the most equitable way to move forward.
  - Jerry M. asked if the SC group was asking for more time. SueEllen stated they would like today's recommendation to go forward, but continue to meet and monitor the recommendations they've made thus far.
  - David D. commented that staff drafted sections of the recommendations. He feels there should be Board representation on this committee. He doesn't feel this is ready for a vote.
- Member Paul White: Question on balance sheet, \$827K in Current Assets receivables 1) A/R, Comcast and Special Assessment. If they are current assets, why aren't they collected and when they are collected will they go towards reducing our assessments?
  - Dale said that he will answer it during his presentation.
- Guest: Hans Riess: Son of a member, would like permission to speak. He's been coming to Kiawah since he was little and fell in love with the island. Use of the Sandcastle has been a blessing for us.
- Member Lin O'Leary: Question on easement issue raised earlier. Was there an initial request for an easement that was approved or denied? How did we get to the point where this homeowner asked for something and someone signed off on it?



- Brad stated that there are 3 parties to an easement: party seeking the easement, KICA and The Partners. The Board wasn't involved in this.
- Shannon stated she will look up dates and details on this, but generally a member will approach and express interest in an easement, usually moving a drainage easement. That member, whoever they are, is responsible for all expenses related to that easement. They are responsible for moving drainage, for dealing with engineers and legal document for transfer of easement. KICA does not pay for anything. Shannon will get more details and confirmed it was a Board member.
- Lisa M. commented that it's clear they are discussing her project. She indicated that SC DHEC approved the movement of the drainage pipe and described the location of new drainage. Lisa M. stated she didn't ask for anything, the architect and builder followed the process and as far as she knows everything was done properly. Construction had started long before she was on the Board.
- Jerry stated that we will look into it and get back with an answer.
- Alex stated that it is a violation of the Financial Controls Manual [FCM].
- Member Maura McIlvain: Agenda item related to ARB discussion. If this is related to the ARB KICA payment which started back in 2008, encourage the Board to look at other financial connections between KICA and the Partners. ARB member representing our community is Club member and they get some kind of credit on monthly dues in payment for service on ARB. Would like the Board to assure the community that the KICA staff member that sits on the ARB isn't getting any financial considerations. Would like Board members to represent that they aren't getting credits on their club dues as KICA Board members. This may sound like conspiracy theory but it's not. Prior COO had a club membership. Current COO has club membership - assume it's being comped. Financial relationships between KICA, KICA Staff and Board Members and the Partners are relevant to the entire discussion on ARB transition. Please pay attention to all financial connections that exist or could exist.
  - Brad asked where Conflict of Interest forms reside, since he doesn't know what's been disclosed. Shannon stated they are filed with HR.
  - Shannon indicated she does have a Club membership. She has used it once for a lunch with staff members. It has never been used personally. Discussion about disclosure, who has Club and Governor's Club memberships, who was or was not offered memberships, and the implications of this.



- Member Diane Angelini: 1) Leisure trail and road signage has been talked about for a long time. Signage doesn't mention speed, no e-bikes, no scooters, etc. Need to look at adding bike lanes on Surfsong/Flyway. Road signage on Governors and Parkway - signs are small, hidden by foliage – need to be improved. Consider temporary signage now, don't wait for Easter or Summer season. 2) Electronic signs at entrance – when will new content be put up? The signs should message more frequently and include pertinent info such as speed limits, no e-bikes, watch out for wildlife, private island etc. Remove sign on outgoing side, serves no purpose. Put up another sign at front gate for Visitors, rotate content, make it functional, do it by Easter and before summer season.
  - Jerry asked Diane to send the Board a note with her suggestions.
- Member Paul Hennessy: 1) Complemented staff on creating minutes, and asked that we identify all the speakers in the minutes. 2) When writing to the Board, create a follow-up log for the residents to see that includes topics raised, who has responsibility – documented feedback and responsibility. 3) TOKI is in the middle of their Comprehensive Planning process. Many different K's involved, very important to have Board assignment to be a liaison with TOKI as they work on this very important topic.
  - Jerry said we will include member names in the Member comments section. We will do this going forward.
- Member Debby Perelmuter: Regarding e-bikes, are pedal assisted bikes allowed?
  - Jerry said Security Task Force is looking at this issue since we are seeing e-bikes, whether they're supposed to be here or not, but need to figure out how to make accommodations for people that may be mobility impaired.
- Member Jim Jarosik: Amendment to Declaration that was passed in 2018 pertaining to additional rights of KICA for individual properties. Covenants technically don't cover private property. 2018 Amendment was never recorded. Why is that?
  - Shannon stated we did discover the amendment was not recorded. Portions were recorded in the 2018 KICA Rules and Regulations update, but not the amendment itself. Shannon did not know why. This was sent to our lawyers for review, they indicated that we should record it. It is not yet prepared for signature.
  - Member Jim Jarosik: Who was responsible for not recording. Shannon did not want to name a specific employee involved. Discussion will take place about this.
  - David D. asked if a recordable document exists? Shannon indicated it does.



- Member Philip Mancusi-Ungaro: Member comments/questions, who is assigned to address the issue and respond back for the Board?. Generally, don't always get a response back.
  - Shannon indicated Board will be implementing a tracking document for this. Jerry added we will improve that and make it better.
- Member Lin O'Leary: Asked about storage facility that rents e-bikes and they have a pass to come on the island. If e-bikes are not permitted, why do we let them come on the island?
  - Shannon said this company also rents regular bikes.
- Member Eniko Nicolais: Shouldn't e-bikes be stopped at the first gate? Asked about status of Sandcastle parking lot and V-gate / Security.
  - Jerry said being able to enforce everything is challenging. David stated that it's hard for Security staff at front gate to see e-bikes – too far away. Hard to enforce, but signage is important and education is also.
- Member Jeff Adams: Asked about Security at front gate, use of green and red lights and what staff is looking at when waving members through who have appropriate stickers?
  - Tony Elder mentioned Security staff is looking at the ground since the security readers show a green or red arrow down there. It is different from what a member sees. They continue to look at additional equipment to provide more functionality in this area.
- Guest Hans Riess: Commented that there's lots of information on social media about how to get on Kiawah if you're not a member.
  - Jerry stated it's something we need to look at.
- Member Erin Slater: What are disclosure requirements for Board members who currently have projects in front of the ARB or are dependent on ARB approval? There should be some disclosure requirement if not already. Also, any Board member in that situation should refrain from voting on ARB issues.
  - Alex stated that the current Conflict of Interest policy that all Board members sign, addresses conflicts with Partners, Resort etc. but nothing with reference to specific ARB activities or projects. May need clarifying.
- Member Todd Boney: Comment on amendment not recorded. Has Board discussed with counsel the risk of the enforceability of that document.
  - This is being reviewed.

## 2. Call to Order



Chair Jerry McGee called the meeting of the Kiawah Island Community Association Board of Directors to order @ 2 p.m.

#### 4. Administrative

##### a. Approval of January 9, 2023 Minutes (VOTE)

- Vote to approve January 9, 2023 Minutes will be tabled pending the following changes:
  - Add in Alex F. comments regarding ‘fiduciary responsibility’.
  - Page 10: Update member comment to include last sentence ‘It’s an invitation to a lawsuit and deprives the dissenters of their ability to exercise their fiduciary duties and your refusal to provide them may be a breach of yours.’

**Vote Tabled to next meeting**

- Reports

- COO Report – Shannon White

Quorum

- As of today, we are at 48.5%. The election closes at 12 p.m. on February 16.
- Achieving quorum in an uncontested election is challenging, so appreciate everyone who has taken the time to submit their ballot.
- Kevin Donlon is here in the audience, if you have not met him. We appreciate his willingness to serve the Kiawah community.

Staffing

- Our Security team is fully staffed, plus 2 over hires. This is extraordinary for us.
- We currently have 8 FT staff member positions open. These are in Admin, General Maintenance, Lakes, Land and Recreation.
- Board will receive an update from Sarah on the recruitment / retention efforts at the April 2023 meeting.

2023 Member Survey

- The survey is with a test group now. Same test group that assisted us in 2021.
- The survey will then go to the Board members for test.
- Targeted release is post-annual meeting.



- Brad asked Shannon why contract for employee health insurance (\$800K) was not approved by the Board. Property insurance of \$600K was approved by Finance Committee and Board. There was no Board approval for health insurance – why is there a difference?
  - Shannon stated Employee Health Insurance was included as part of the 2023 Budget process – the monetary amount was in there and contract was executed following that Budget approval by the Board.
  - Brad said Financial Controls Manual says that even if it is, it still needs to be approved by at least the Treasurer or Chair even when contained in the Budget. Treasurer had concerns, specifically how our agent is compensated (Not fixed fee vs. contingent fee). Gallagher also benchmarks COO salary which is a conflict as per the 990.
  - Shannon stated that Treasurer at the time raised a question about Health Insurance and wanted to be involved in the process and selection of policy. It was a tough health insurance renewal – we received 18% renewal from BC/BS and could not get anyone else to bid us other than UHC which presented an unreasonable plan that would impact employees significantly. We discussed this with the Treasurer at the time. We continued to work with BC/BS to negotiate rates down. Treasurer was not involved since there was no choice to make. Gallagher was hired around 2019, so we’re still within our FCM limits.
  - Brad said it might be a conflict to use Gallagher in light of our 990.
  - Beth said that at the last HR meeting they discussed how many firms to go out to. Salary benchmarking is hard for these types of jobs. Need to get more firms to see how they do things, to be as consistent as possible with the marketplace.
  - Alex F. stated that as Treasurer, he believed a contract over \$800K should have had his input and oversight. He was denied that and doesn’t believe it was right.
  - Brad stated that we need to follow the FCM – cited FCM , Chapter 4.
    - Shannon clarified that health insurance was sent out to bid. Alex stated the question is why he was not allowed to be involved?

### **Treasurer’s Report – Lisa Mascolo / Dale Schoon**

Lisa commented that the Finance Committee will be implementing a tracker for open items received from Board or Member questions:

- Assessment Status - \$13.7M billed out: \$9.8M collected so far: (72%)



- Lien Status – 2 outstanding as of 12/31 (\$5k) both were paid 1st week of January, entering 2023 with no outstanding liens.
- Flood Collections outstanding is \$2,700. 24 accounts outstanding at 12/31/22 (less than 1%)
- Investment Advisor: All assets were transferred to the new advisor as of first of the year.
  - Member Paul Hennessy (Finance Committee): Made a comment that the previous Advisor was not released for cause, this is part of the normal process to periodically review our contracts.
- Independent Audit- Keefe McCullough – will present to the Finance Committee on March 8.
- Preliminary, pre-audit financial results for 2022 were reviewed by Finance Committee last Wednesday
  - Operating – Just over \$430K net deficit compared to \$958K budgeted deficit
  - Reserve – expect \$1.2M deficit compared to \$3.2M budgeted deficit
    - Savings to budget on several large projects
    - Projects not completed as anticipated in Dec that will be completed in Q1 2023 resulting in over \$1M carryover expenditures not in the 2023 budget.
- Dale addressed earlier member question about A/R and confirmed they are current.
- Alex commented that the Resort and Partners paid their assessments earlier than in the past several years. This was a goal we had that was achieved.

▪ **Timeline of 2023 Infrastructure Projects**

- Tony Elder presented the current timeline and status of 2023 Infrastructure Projects (see presentation for details)
  - Short discussion on updates on signage, use of temporary signage on leisure trails, bike paths and roads, etc.
  - Member Paul Hennessy: Question about Roundabout Design item. Tony and Shannon stated Board approved an engineering review of a potential design of a roundabout at Kiawah Island Parkway and Kiawah Beach Drive. Engineering is being completed of a preliminary design for Board review, but project is not currently funded.





- Member Philip Mancusi-Ungaro: Will the bike path extension at Allee of Oaks go to the end where bike racks are that floods? Tony and David D. commented they will look at this to include in the paving. Also look at timing of bridge widening and ensure it's not done at busy time of year.
- Brad suggested working with the Town to optimize ATAX (Accommodations Tax) money for Boardwalk projects.

## 6. Old Business

### a. Sandcastle User Group Recommendations

Barbara Patton and Shannon co-presented revised recommendations of the Sandcastle User Group (see presentation for details)

- Member Diane Angelini: Commented that members without children are not being treated equally. Does not represent diversity, equity or inclusion. Asks the committee to revisit and address. Members without children shouldn't have a different standard.
- Discussion about fairness and equitable solutions to handle members who don't have children. Limit of (8) only pertains to guests not all member families.
- Member Maura McIlvain: Commented on Federal regulations to ensure we're being sensitive to the issue and not violating any Federal access law in terms of equality.
- Member SueEllen Hanan: Commented that first recommendation was to issue 55 passes to be used by anyone. It was fair and equitable but required customization of Salesforce, which would not be ready for this upcoming season.
- Beth Z. asked how the committee arrived at (2) two families for members without children? It was a number committee was comfortable with. David D. suggested we increase it and overplan as opposed to underplan.
- Member Margaret White: Sandcastle is too small to accommodate everyone. Look at use of guest fees to handle people that don't live on the island. Not equitable in terms of usage by people that don't pay for the facility.
- Lisa commented that this is definitely an improvement over what's in place now, let's move forward and then look at it over the coming months to see what's working and not working. Alternative is to do nothing which discounts the hard work of the committee for the past 18 months.



- Unknown Member: Commented on use of 55 passes and how current recommendation is not better from the perspective of use of Fitness center, capacity of classes and use of other spaces in Sandcastle.

Board discussed recommendations with the following proposed changes:

- Move forward, modify over time as we see what the experiences are;
- Change members without children to (4) four families;
- Change in guest fee to \$10;
- Fitness classes to be opened up on day of class, if vacancies exist.
- Brad expressed concern about any potential legal issues from the equity standpoint and we need to look at that. Beth asked if that was a reason not to move forward and Brad said he doesn't want to vote on something that may have a legal issue.
- Jerry asked for motion to approve Sandcastle User Group recommendation as amended: So moved by Lisa M., seconded by Beth Z.

**Vote Passed: (6) In favor** – J. McGee, B. Zampino, A. Fernandez, A. Mole,  
D. DeStefano, L. Mascolo

**(1) Abstain** - B. McIlvain

- Jerry said they will diligently monitor this to see what's really not working and amend those.
  - Alex asked if SC user group will be disbanded? Jerry said it will not.
  - Beth Z. added that she'd really like to thank the group. This has been an incredibly difficult process. They came up with a proposal, listened to members and came up with a good solution. May not be perfect but will continue to make it better.

**3:30 p.m. – Jerry McGee called for a short break.**

**3:38 p.m. – Jerry McGee called the meeting back to order.**

## 7. New Business

### a. Process/Timeline for drafted By-Law revisions by Governance Task Force

- Brad provided overview of Task Force activities. They have spent over 30 hours working on the revisions. They have worked incredible hard and incredibly well.



- Goal was to revise By-Laws to improve ambiguity and possible disputes, as well as provide procedures for Covenant and By-law actions, improve transparency and ensure our By-laws comply with Covenants and SC Statutes.
- Most by-laws in SC are some derivative of the Sea Pines by-laws. Looked at amendments made over the years and looked at best practices using Hilton Head document as a model, as they were simple. Also reviewed the SC Non-Profit Act which says you must have ‘at least’ this, and then you can add to it. Another example is Conflict of Interest. The Act says you must have that, but that your By-laws can add additional requirements, which we’ve done.
- Looked at difficult and controversial issues over the past few years and made changes to unanimous and super-majority votes to help reduce controversial voting issues.
- Old By-laws and revised version cannot be compared side by side. It was difficult to modify existing by-laws and it became unmanageable. Decided to do a complete re-write based on the simple and easy to understand Hilton Head Plantation model. Kelly Sach kept us on track to keep it simple and under 20 pages. Once it was complete, it was sent to lawyers to review for suggestions, and whether we were in compliance with the law. Lawyers made some suggestions in the Conflict of Interest section.
- Goal was to look at the By-laws as we move from a developer-led community to a member-led community.
- Board was given the documents. Draft will be going out to the community shortly. We’re hoping that there would be an opportunity for written comments from the Board and the community and develop a FAQ if there are common questions. Hoping for a vote at the next Board meeting in March. It is a change, but it’s easy to understand. Most of it is spelling out specific procedures so that everyone understands what it is.
- Thanks to Philip Mancusi-Ungaro and to Jim Jarosik for his amazing efforts in re-writing. It was a very good discussion and almost everything was unanimous.

Discussion:

- Member Paul Hennessey: Was the issue of CEO vs COO as it relates to governance between management and Board addressed?



- Brad responded that you will see the By-Laws and a Governance Manual which deals with nuts and bolts of the roles of the Chair, Vice Chair, Treasurer etc.. We saw there wasn't anything that actually defined the COO role and this was addressed.
- Alex stated, as a non-lawyer, the draft is a simple document, easy to understand and clearly spells things out. Important to move forward for the betterment of our community members and governance of our Board.
- Brad indicated Task Force will meet on February 13th to address member and Board questions. Tentatively scheduled Feb 24 or 25 for sessions with everyone to get questions addressed.
- Beth Z. commented that she's read the entire document and stated it's extremely well written. Far easier to read and get through than the previous version. For a non-lawyer, it's hard to navigate back and forth between all the documents and try to get context on why some changes were made. Membership may need help to navigate this. We want a durable document that will last for awhile. The Board should have a 7-0 vote on the document, so that we can stand behind the document. Feels members will need more than a week for comments. Create the right process to help us reach consensus on it, help the members understand.
- Member Phil Mancusi-Ungaro: Stated that we don't know what kind of comments we're going to receive, but want to test the waters. We don't know how much interest the community will have. We don't know how to address questions until we see what questions will be asked.
- Discussion about timelines to ensure we don't drag the approval out but address member comments. Comparison to Sandcastle recommendations and member engagement in that process, as well as the importance of member comments/input being incorporated into this process. Discussion about documents going to membership right after the meeting. Should it include some kind of cover letter describing changes and reasoning behind changes? Opinions shared on if member comments should be 1 week? 2 weeks? 30 days?
- Alex stated that he believed the real reason for a delay is because draft does not account for the term of the Chair to be extended.
- Member Paul Hennessy: Members who are interested in the document are waiting for it. Interested members will provide comments regardless of whether it's 1 week



or 2 weeks. Since there's consensus with the Task Force about changes, it is highly unlikely there will be substantive comments from the community that the task force hasn't already considered.

- After detailed discussion, agreed upon timeline:
  - Send out draft By-law and Governance Manual with cover letter
  - Ask for comments to be submitted to the Task Force within 14 days
  - Comment period will not close after 7 days, comments can continue to be submitted up until vote and will be addressed at Town Hall sessions.
  - Task Force will meet on 2/13 to address questions received and determine what next steps would be.
- Member Jim DiLella: Commented that 7 days is not enough time to review. Feels like it's being rammed through and doesn't support transparency. There's no redline version, so it is very hard to compare and see what's been changed and the intent.
- Member Diana Mezzanotte: Asked that people speaking in the room on the sides identify themselves for those on the call. She thanked the committee and agrees with Jim DiLella that taking it to a vote in 30 days is not enough time. This involves all PT and FT people. These are our By-laws. There is no redline version, no FAQs yet or Executive Summary. Extensive re-write of our governing documents means the entire community needs time to digest them.
- Member Todd Boney: Suggested an overview that includes items we changed, ex: changes due to State Law etc.
- Member Madeline Kay: Suggested 2 tier deadline approach – 1<sup>st</sup> request for comments to the Committee and then 2<sup>nd</sup> request can be used for the community to review issues that have surfaced.
- Alex made a motion to provide a cover letter and 2 week period for member comments, followed by trying to schedule a Town Hall at the end of the month. Seconded by David D.

**Vote Passed: (7) In favor** – J. McGee, B. Zampino, A. Fernandez, A. Mole,  
D. DeStefano, L. Mascolo, B. McIlvain

#### **b. Architectural Review Board – Discussion**

Jerry commented that this process did not just start. There have been discussions about ARB. There is a lot of misinformation out there. People are trying to move this process



into a better place. As we transfer from a Developer-led island to a member-led island, it is important to have discussions and start a process.

Shannon provided information on 3 ARB issues as per the presentation:

1. KICA Representative to the ARB

- As per Development Agreement
- KICA appointed representative - Ed Monahan
- Member appointed representative - Howard Pharr

2. Transfer Control of ARB

- As per Development Agreement
- Brad M. commented that the Dec 2023 end of the Development Agreement is a significant event since certain rights delegated may no longer be valid. Planning is needed. Brad Belt (Town Council) is engaged on this issue.
- Discussion about impacts to enforcement rights of Town / KICA as it relates to Development Agreement – which impacts the ability of Partners to move forward.
- Brad Belt (KICA member/Town Council): Provided additional input:
  - Short term and long term issues to be addressed by a Task Force being created. Hope to have KICA involvement with this.
  - Town may want to consider executing an ARB as per State Law
  - Questions:
    - Should an ARB reside under an HOA as opposed to municipality? Does KICA want to take this on?
    - Is there a division of responsibility? Town looking at short term & long term issues. KICA should move along same lines.
    - Issue is transfer of control of Master Developer (Title 2) authority under General Covenants – does not refer to an ARB.
    - Even if Dev Agreement ends, Partners could hold on to this part of their authority. Question is what is the scope of that authority. Clearly has certain authorities, but many of them go



well beyond scope of Title 2. Town is looking at how to address that.

- Question on permits and authority of requiring that. Is that impacted by the 2018 Amendment that wasn't recorded and KICA Rules and Regulations regarding permitting requirements.
- Brad M. stated there needs to be more cooperation with Town and KICA on this issue.
- David D. commented on ARB authority/enforcement around construction and how to address the complexity of that.
- Shannon commented that there is a broader question about the end of Development Agreement in Dec 2023. Later this week there will be an operational meeting with the entities to discuss and identify all the things related to ARB that could impact KICA and how to plan for it.

### 3. KICA payments to ARB

- Approved by Board in 2007
- Intended to develop a working relationship between entities to understand KICA and ARB operations.
- KICA has paid \$474K since 2007. Payment was withheld by the Board for 2023, pending current Board decision on how to proceed.
  - Brad M. asked what is legal obligation to pay this and why do we continue?
  - Beth said it was a decision made 15 yrs. ago to share an employee. The question is what do we want to do going forward? Do we need this?
- Discussion about legal authority, no formal agreement and no contract.
- Amanda indicated there was a more robust working relationship between Partners and KICA at the time of this agreement. If you choose to continue, you may want a more formal agreement.
  - Member Brad Belt: What is the legal authority of the Board to approve this as it relates to legal use of member assessments as per the Covenants.
- Jerry M. stated:



- No agreement, informal decision
- No reporting, no annual review and no transition plan
- A discussion with Partners needs to occur and decision made on how to move forward.
  - Member Lin O’Leary: Commented this is 2<sup>nd</sup> time today that issues came up for things signed / disbursed without authorization. Who signed checks for this and Healthcare? Governance is more important than ever and it appears that checks are being signed by people that have no authority.
  - Member David O’Leary: Asked about signing authority in KICA. Shannon said this check would require 2 signatures. Where are controls? Why didn’t signatories question this for 15 years? David O’Leary asked what is going to be done about controls?
    - Alex F. commented these would be internal controls within Finance need to be looked at.
  - Beth said we need to look at other payments that are similar to this – review recurring payments.
  - Member Philip Mancusi-Ungaro: Does an Audit go down to this level of detail?
    - Alex said they do a %, but can’t look at every transaction. This would fall under reviewing internal audit controls.
- Brad M. commented on recent Town meeting, open discussion, sharing ideas and thoughts and leadership. Clear change in the air.
- Member Jim Jarosik: Commented that we need an ARB Task Force now.
- David D. said we still need answers from the Partners about transfer.
  - Amanda said Partners are not interested in transitioning as long as they have a commitment to Kiawah. It’s not just about property development. It’s also an investment in Kiawah which has been going on since the 70s.
  - Brad M. said this creates an issue for KICA and the Town as each have to figure out what our rights are without KP agreeing.





- Member Brad Belt: Said there's nothing that can force the Partners to give up their authority under Title 2 of Covenants. But there is nothing to stop the Town from having their own architectural standards. Members would have to legally comply with those. Need to better clarify what those authorities are. Real issue is whether standards are consistently applied across all properties and if Title 2 authorities are being used as leverage. Has KICA enabled any of that?
- Member David O'Leary: Commented that Brad Belt invited KICA into Town/ARB discussions. Let's work together.
  - Beth Z. stated Board needs to talk about this.
- Member Paul Hennessy: Asked if Board agrees ARB payment should stop and be taken out of budget.
  - Jerry stated the Board will review this.

## 8. Board Member Comments

- Alex F. asked if HR Committee will be looking at nepotism policy.
  - Beth said she's working with Sarah Bond to update a number of policies and this includes a nepotism policy.
- Alex F. asked if we have any nepotism of direct reports.
  - Sarah Bond, Director of HR stated that we do not have any current nepotism situations.

## 9. Member Comments

- Member Todd Boney: Suggestion to look at payee listing for 2022 to figure out threshold and share with FC and Board so you know who you're paying. As a former CFO, it's easy to understand how recurring payments can continue. Look at FCM thresholds (ex: \$500K) and apply to payments. Also look at total payee amounts. Asked about Article VII – KICA authority to establish common area ARB – agree we don't want the work to get in the way but encourage you to reach out to members that may have experience in this area. Article VII creates an affirmative obligation. Where is the Board in regard to Article VII – Section 1 and 2?
 

Jerry said Board will take the conversation up and add it to the ARB discussion.



- Member Erin Slater: KICA should ask for the money back that they paid to ARB over the past 15 yrs.
- Member Diana Mezzanote: Comment on Sandcastle in regard to members with no children. Consider this in terms of how members could choose families instead of children and how games could be played. Earlier in the meeting, a shadow was cast on Board members that belong to KI Club. I paid my initiation and my dues and the perception is if you're on the Board then you got something from the Partners and that's not the case.
- Member Rob Glass: Thanks to everyone for compromise on Sandcastle. Capacity is an issue. Guest limit of (8) eight should be total.
- Member Beth Thomae: Thanks to Alex for all your hard work as Treasurer and your explanations to the community.

Meeting was adjourned at 6:10 p.m.

Respectfully submitted,

*Ellen Festa, Executive Assistant*

