

KIAWAH ISLAND  
COMMUNITY  
ASSOCIATION

**BOARD OF DIRECTORS**

**Meeting Minutes**

**January 8, 2024 at 1 p.m.**

**Virtual and In-Person Meeting**

Board Members Present:

Jerry McGee, Chair

Lisa Mascolo, Treasurer (Virtual)

Kevin Donlon, Director

Amanda Mole, Developer Director

Beth Zampino, Vice Chair

David DeStefano, Secretary

Alex Fernandez, Director

Staff Members Present: Shannon White – COO, Tony Elder – Director of Ops,  
Dale Schoon - Director of Finance, Ellen Festa – Executive Assistant

Member Attendees: (45 In Person / 64 Virtual)

Recording of Meeting: <https://www.youtube.com/watch?v=kjh6thPUW1w>

**1. Call to Order**

Chair Jerry McGee called the meeting of the Kiawah Island Community Association Board of Directors to order @ 1:01 p.m.

**2. Member Comments – Agenda Topics**

Member Maura McIlvain: Thank you for the new signs. Commented on policies up for vote in New Business Section 7a, b, c and d. FCM changes – not able to compare with existing to see what the changes are – hoping Lisa and Dale will review the changes. The other policies all characterize the COO role either illegally or incorrectly. Governance Procedure manual states COO will only report to Board Chair. SC non-profit reposes that entire Board directs the affairs of the organization, not just Board Chair. Article 6 and 7 of the newly passed By-laws state it's the Board that oversees COO performance and COO is subject to the Boards oversight. Should not propose policies that conflict with governing



documents. COO and Board policy says COO is fully dedicated to day to day operations – this is not consistent with fiduciary obligations of every Board member. Why were By-laws passed in Sept that state the Board has these responsibilities but now changes are being made that puts us in a position where we’re about to violate the By-laws and State statute. Commented on confidentiality of what’s discussed in Exec Session – Board can and do discuss whatever they want in Exec. Session, other than Legal and HR issues. That doesn’t make it confidential.

Member Brad McIlvain: Commented that Governance Procedure manual is contrary to what Governance Task Force recommended while he was chair. Statute says all power and authority is reposed to the Board – not the COO. Suggests the Board has a lawyer review this document. He doesn’t know where this document came from, but it didn’t come from previous Governance Task Force.

Member Cherie Gallagher: Comments on Sandcastle access policies and the process that was followed to arrive at the recommended policies. COO and Director of Recreation provided operational input and statistics to the User Group that allowed them to make the recommendations. Wants the community to know there is a hierarchy that was followed and it’s not just the Board – it has gone through several layers of review and oversight.

Member Philip Mancusi-Ungaro: Comment on Governance Procedures manual. Encourage the Board to ensure the manual is legally correct. Document has changed from when he worked on it. Puts a lot of decisions/power in the hands of Chair and COO.

Member Judith O’Brien: Regrets there were no in-person meet the Board candidate sessions. Individual Zoom meetings not a valid substitute. Executive Session topic on ARB should not be discussed in Exec. Session. Sandcastle proposals – would like to see the supporting data.

Board Member Alex F. stated he was not prepared to vote on the Governance Procedure Manual. He said he hasn’t seen it and wanted a redlined version for review.

Kevin D. and Beth Z. stated that the document was sent to the entire Board and that the majority of the redlining indicates the items that were moved to the new By-laws.



Alex F. also commented that Financial Controls Manual has not been fully reviewed, that there's only changes made based on comments/discussion from last January.

Board Member Beth Z. stated there was only good intent here. All proposed changes to the Financial Controls Manual were made to add controls, define language and eliminate ambiguity based on concerns and claims raised last year and they've been worked on for a long time. They were reviewed and discussed by the Board in Executive Session in December and all were in agreement with the changes. There was no intent to change the COO role, we want to be in compliance with the law and the By-laws. We can take it back and review and not vote on this today. Governance Procedures Manual was also discussed and reviewed by the Board several times and changes were approved by the Board members.

Member Brad McIlvain – commented that if these things are discussed in Exec Session, we should all be able to hear that discussion. Feels we do too much in Exec. Session.

Beth Z. said the discussion included personnel related issues and that is why it was in Exec. Session

Member Lin O'Leary: Did an attorney look at the document?

Kevin D. we took a document that was originally written by the last governance task force that was not recorded as part of the By-laws. We eliminated everything that was put into the By-laws and then the rest was adjusted through board sessions. We did not take it back to counsel. We need an opinion on whether the board can delegate communication with the COO to one member, or does the COO effectively have 7 bosses? We need to go back and check with counsel on that.

Board Member David D. said he doesn't think we should be voting on any of these documents today. Not enough time to review and discuss everything.

Beth Z. and Kevin D. clarified that there was lengthy discussion and agreement by the entire Board last month where was agreed to bring them to a vote at this meeting.



Jerry M. said the votes will be tabled for now to give everyone time to review. Will get counsel to review what is necessary.

### 3. Chair Comments

Jerry read the following statement from our legal counsel Rosen Hagood re: Capt. Sam's Spit:

“On behalf of the Kiawah Island Community Association Board of Directors, I am providing you with an update concerning obligations involving the Captain Sam's Spit property that are contained in the Amended and Restated Development Agreement between the Town, Kiawah Resort Associates, and other related entities identified as the Property Owner. As you may be aware, the Board of Directors sent a letter last month to Kiawah Partners and the Town communicating our position about the timing of obligations owed by the Property Owner in conveying defined portions of the Spit to KICA. The Board then held a special meeting on January 3, 2024, to discuss this topic and KICA's options, and we are currently working with legal counsel to determine the next steps in protecting KICA's interests. We will keep our membership informed of future action taken in this matter.”

Jerry asked Shannon to give an update on the upcoming storm:

In speaking to a local meteorologist late last week, we are experiencing the El Nino effect. El Nino helps us in hurricane season, but the southern US experiences wetter conditions in the winter months.

We are continuing to watch & prepare for the storm coming on Tuesday. Rainfall forecasts are a bit uncertain, so we began taking some initial steps on Friday by closing off all drainage basins to incoming high tide, in order to preserve capacity for rainfall. We also lowered 2 of our smaller drainage basins on Friday. On Sunday morning, we lowered our 2 largest drainage basins – Canvasback & Beachwalker.

- Today's forecast calls for 1-2" of rainfall for the coastal area. Currently have enough capacity in our pond systems.
- Tomorrow is calling for high winds, with gusts up to 75 mph. Strongest winds are forecasted to be between 3-7 pm.
  - Potential to impact the high tides, which are at 6:11 am and 6:18 pm. Charleston County is currently predicting a 7'7" AM tide, up from 5.94'. This storm is not currently forecast to reach the tide height we received on December 17.



- Much of the ground is saturated, so high winds may cause trees to come down.
- Due to the high winds and staff needing to cross bridges, we are closing the offices at 12 p.m. on Tuesday. Sandcastle will also close at 12 p.m. Our understanding is that the Town of Kiawah will also be closing at 12 p.m. and the Town Council meeting is being rescheduled.
- A member communication on the storm was sent out just prior to this meeting.

#### 4. Administrative

##### a. Approval of Minutes (VOTE)

##### a. Announcement of Votes in Executive Session

Jerry provided a read-out of actions and votes taken at the December Executive Session

##### b. Approve December 4, 2023 Minutes

Jerry asked for a motion to approve the December 4, 2023 minutes. So moved by David D., seconded by Alex F. with comment on motion to update Security Task Force charter. David D. responded he will have updates soon and Shannon will add to the February Agenda.

**Vote Passed: (7) In favor**

J. McGee, K. Donlon, A. Fernandez, A. Mole,  
D. DeStefano, L. Mascolo , B. Zampino

#### 5. Reports

##### a. COO Report – Shannon White

December 17 storm update: With 10-foot storm inundation, we originally estimated \$250-300K of storm related expenses. We now believe that \$251K is a good estimate of overall expenses from the storm. This includes:

- \$175,243.78 – Repair of washout areas, with \$108K related to Sea Marsh Drive
- \$14,300 – Cleanout of drainage lines



- \$29,400 – Boardwalk repairs. We did temp repairs to get some of the 9 reopened, some will need a more permanent fix. We are watching what the ocean waves do tomorrow on the beach, which may impact these repairs.
- \$23,111.91 – Misc. repairs of Sandcastle, pond aerators, fencing & some washed out plantings
- \$8,800 – Additional landscape assistance for cleanup of debris

Discussion: How will we pay for this: Options: 1) Operating Fund Surplus; 2) Emergency Storm fund, however not a named storm. Alex F. preference is to use surplus – we have \$2M surplus. David D. commented if we take it out of Emergency fund, it would need to be replenished. Consensus is to use Operating Fund Surplus.

**b. Finance Report – Lisa Mascolo / Dale Schoon**

Lisa provided an update on legal fees. To date through Q4 - \$225K against \$102K budget. Expecting to be less in 2024. \$180K in 2024 Budget.

Finance Committee Agenda for 2024 – will be working on recommendations on Cash Reserve policy and Budget philosophy.

**CTR:** Dale provided an update on CTR:

- We came in at \$3.232M against a \$3.05M Budget. 2024 Budget is \$4M which includes the \$850K from the Cape that was postponed.
- Finance Dept. is in full swing on year end activities and audit.
- Member portal is back up and running. Assessment statements being mailed today and emailed statements going out in 2 batches - today and tomorrow.

**c. 2024 Election Update – Lisa Mascolo**

We've had 2 Zoom sessions. Heard the member comment about in-person sessions. Board Outreach and Education Committee had discussed this and took into account the low attendance at sessions held last year. Candidates are getting their messages out there. Vote opens on January 15 and closes on February 15 and we'll continue to remind the members of the community to vote.



**d. Communications Task Force Final Report – Jerry M and Alex F.**

Alex F. provided an update on Task Force. Task Force met for several months to review our communications strategies. Will be reviewed each year to see what’s working and what needs to be changed. A final report will be going out to membership this week. A few highlights – hits on our website have gone up substantially, very high as compared to associations similar to ours. Our members are engaged. Recommendations will include mobile app implementation.

David D. commented that we need to clean up search functionality on KICA website – it pulls up different and older documents when you search.

Alex F. thanked Leah Burris, Dir of Communications for all her work on this, she did most of the work and did a great job.

Jerry M. said we should have a robust discussion re: Salesforce, its shortcomings and whether it is viable going forward. Salesforce is a very expensive and powerful tool. Decision was made by a previous Board but is it still a good solution for us? This ties in with how we manage IT assets – in-house or free-lance. We have challenges in this area.

Member Paul Hennessy commented that while there may be legal issues, is there a way to collaborate with TOKI on communications, salesforce, IT etc. Something to think about as we look at this.

**6. Old Business (N/A)**

**a. KICA Investment Policy**

Lisa introduced Bran Petranovic of the Finance Committee (FC), who will give his perspective on the proposed changes to the Investment Policy Statement (IPS). We’re very fortunate to have Bran, it’s what he does for a living and we have Paul Hennessy in the audience – lots of expertise and knowledge on the FC. FC went back and reviewed based on the last feedback received from the Board. They are essentially unanimous in their support of the IPS with one caveat around the inflation index. It’s not particular to the vote today, but is something the FC needs to look at. It’s in the IPS today since it’s the metric that is in Reserve Study itself. FC strongly recommends this IPS as it stands.



Bran P. – FC wanted to modernize the Policy. Changes include:

- Further define delegation and responsibility of Investment Advisor and FC.
- Included measurement objectives.
- Made some risk changes which are within our allocation guidelines.
- Increased target allocations for equity from 35% to 40%
- Reduced allocations for fixed income from 63% to 60%
- Allowed equity allocation range increase from 40% to 50%
- Fixed income changed down to 50%

These changes align us with comparable associations and also pension funds, defined set of long term liabilities that we need to manage prudently with high level of fiduciary care. Asset mix of 40% equity and 60% fixed income seemed prudent and reasonable.

Alex F. expressed concerns about increasing our risk to 50% in equities. He feels we should be very prudent with our members' money. Bran P. clarified the percentages in the ranges and targets. Lisa M. commented that we're giving our Investment Advisor the latitude to consider these ranges/targets in the context of the market.

Beth Z. asked how we plan to actively manage or oversee the Investment Advisor given the increase in equity positions.

Lisa M. said it's not a defacto increase. Morgan Stanley reports to us on a quarterly basis, and reviews with the Finance Committee and this is their responsibility. KICA Director of Finance will also receive notification of any transactions that occur so we'll know what they're doing, when they do it, as they operate within the guardrails we've provided.

Member Paul Hennessy: Commented on importance of inflation index – need to invest to stay ahead of reserves and protect the reserves – not to maximize returns.

Member Larry Wolahan: Agrees with Alex and Paul, comparison with pension funds is not the best comparison – they use more sophisticated tools to manage risk.

Lisa M. asked for a motion to approve the KICA Investment Policy, seconded by Beth Z.





**Vote Passed: (6) In favor**

J. McGee, K. Donlon, A. Mole,  
D. DeStefano, L. Mascolo, B. Zampino

**(1) Against**

A. Fernandez

Lisa M. thanked all the members of the Finance Committee, it was a robust conversation, considered all the points by some of the best thinkers on the island with respect to Finance.

Jerry M. added that he'd like to thank the Finance Committee members for devoting their time to this. It's a huge responsibility and it's all about protecting our assets and making sure we take care of the infrastructure here.

**b. Sandcastle Access Policies**

Jerry M. commented that there's never been more passionate debate about an issue. The Committee, the Board, the Community has weighed in mightily. We're going to hear a presentation about where the Sandcastle Committee has come out and adjustments they have made based on some of the input they have gotten. There is no solution that's going to make everybody happy. There are going to be some people who are a little upset. We have to be flexible in these policies. We have to implement them and then see how they work, monitor them carefully. I just ask that you respect everybody who's worked so hard to try and move the ball forward.

SueEllen Hanan and Barbara Patton presented the recommended changes to the Sandcastle Access Policies.

1. Family Pool check in age lowered from 18 to 16 years old.
2. Simplify Terminology: Minimize categories of access to **Member** or **Guest** only

A **Member** is the legal owner of a residential property. For access to the Sandcastle, a member's access includes their spouse/partner and dependent children under age 23.

A **Guest** is anyone else - family or friends. A guest does not include a short-term renter of a residential property.

Eliminate "Non-member with complimentary access" category

Eliminate pre-approved 4 households for members without children



3. Member's Accompanied Guest: max 8 per day / no fee charged

For guests (family or friends) who accompany a member, eliminate all guest fees.

4. Unaccompanied Guest Access:

Establish an Unaccompanied Guest Access Process:

- All guests over the age of 3 must be pre-registered by the KICA member 1-2 weeks in advance of the guests' arrival
- In registering guests, the KICA member will need to acknowledge that short-term renters are not permitted to utilize the facility. Violation of this policy will result in loss of unaccompanied guest access privileges and/or suspension of the use of the facility, as determined by staff recommendation and/or board recommendation.
- All unaccompanied guests over the age of 3 will be charged a daily guest fee. Guest fees will be charged to KICA member's account.
- Photo ID will be required for check-in.
- Facility access is limited to the family pool and/or verandah.
- A maximum of 8 guests is permitted per day.
- Blackout period for unaccompanied guest access for the weeks before & after July 4.

Gym Policy remains the same – Members Only

Discussions about gym capacity and usage, age restrictions, pool capacity and usage, statistics etc. Potential use of artificial turf around the pool which doesn't require additional parking spots is being looked at. Discussion about consequences for violating any of the rules and regs. Ex: renters being allowed in.

Jerry said were going to have a lot more discussion on this before we vote, this is not the final. There's a Town Hall on January 18<sup>th</sup> and thank you to everyone.



## 7. New Business

The following policies were scheduled for vote. It was decided these would be discussion items now, circle back with legal counsel where needed and come back for vote in the February Board meeting.

### a. KICA Personnel Controls Manual – vote tabled for further review

Beth Z. said this was a new manual that has things that aren't in the financial controls manual and lays out controls and procedures for each of them. Delineates Employee Payroll, Employee compensation, Employee 401K program and the Employee health insurance programs. Board has discussed this several times and were in agreement with it. A few changes were made over the weekend - is Board still in agreement? Changes: Page 2: 3<sup>rd</sup> party consultant selection would be competitive bidding process as defined in Chapter 7 of FCM. Paragraph 3: determinations of salary for the COO top management or other key employees shall meet the requirements as specified on IRS form 990. Paragraph 4: clarified all other compensation increases within the company must obtain 2 levels of approval.

Member Maura McIlvain: Comments on the following: timing of compensation study; non-director pay periodically reviewed – timing? Pay increases of COO Direct reports should say Board not just Board Chair.

Discussion: Can Board delegate authority to an individual Board member or do all 7 Board members have the authority. Examples were Secretary and Treasurer – neither have authority to approve anything. All 7 Board members authorize everything.

Member Maura McIlvain: Question on (3) 401K Trustees (Shannon, Dale and 3<sup>rd</sup> unnamed person)

Shannon clarified that the Directed Trustee is Charles Schwab. KICA Trustees are just authorized signers, no investment decisions are made by the KICA Trustees.

Member Brad McIlvain: Per the SC Statute, Board has ultimate responsibility for everything it manages and delegates. Should always say the Board not just the Chair.



Member Phil Mancusi-Ungaro: Commented on a better process to get through these types of documents without tying up the entire Board.

**b. KICA Financial Controls Manual – vote tabled for further review**

**c. Policies Related to the Board & COO - vote tabled for further review**

- Alex F. clarified that obtaining credit for less than \$500K is Treasurer and Board Chair. Obtaining credit over \$500K is entire Board.
- In an emergency, Board Chair and Vice Chair are notified immediately and then the entire Board once all the facts are in. David D. suggests we just notify the entire Board. Alex F. said just delete the term ‘as appropriate’.
- David D. more project updates to the Board. Board members should be able to recommend projects. Changes to liaison responsibility, include notification to committee or task force chairs.

**d. Governance Procedures Manual – vote tabled for further review.**

**8. Board Member Comments – N/A**

David D. commented on the Dec 17 storm and the negative comments he’s seen online. Staff did an excellent job handling that storm. With a 10 foot tide, there’s not much you can do. Lowering of ponds was not appropriate for that storm – they are lowered if it’s a rain event. Lowering the ponds for a tide event would have caused backup and potential erosion in the ponds. Flood mitigation was designed to get rid of water as soon as possible. Severe criticism of KICA was unwarranted, they did a great job. Love the new signs on the roads.

Kevin D. commented on ARB Joint Task Force. Phase 2 ARB report and recommendations have been released for review and comments. Town Hall to be held on January 22.

**9. Member Comments**

Member Lin O’Leary: Comments on Records Requests and importance of responding as per the By-laws. Great job on the new signage. Comments on Dec 17<sup>th</sup> storm and forecast. There was a lot of water on Blue Heron and doesn’t feel a good job was done. Read a letter she sent to the Board and Board candidates expressing her concerns about flooding. Read a



response she received from a Board member that she felt was inappropriate and unacceptable.

Member John Stedman: Opposes the IPS policy on reserve funds. They are not an endowment or pension funds – they should be managed differently. Revisit policy and change criteria. There are risks with investment strategy and when we need the funds. Boards’ fiduciary responsibility is to protect, not risk.

Member Phil Mancusi-Ungaro: Comment on lowering ponds – disagree with decision not to lower them. Opportunity to learn from this.

Member Melissa Cunniffe: Comments on Sandcastle access to the gym which is now denied to her grown sons. Feels they are losing amenities which were promised to them when they purchased their home. Consider grandfathering in existing homeowners who had those privileges. New policies are not fixing the bigger issue of Kiawah’s overdevelopment.

David D. commented that development is what has always been planned, it is not overdevelopment, it is actually 1,000 units less than what was originally planned by the Kuwaits. They have the right to develop and there’s nothing we can do about that.

Lisa M. suggested we clearly communicate Sandcastle policies to Real Estate agents.

The following members made various comments about the new Sandcastle policies on the following topics:

- Member check-in of guests
- Use of Gym – consider other ways to use it when it’s empty
- Guest fees are disrespectful
- Was not aware of these changes until recently.
- Consider simpler alternatives – similar to what was done during COVID
- Family experience has now changed
- Full time vs. part time focus
- Thanks for the Sandcastle data – use this data to show off peak times.
- Sandcastle Task Force was full and part time – good representation of the island



- Gym difficult to manage usage – impossible for staff to manage timeslots – it’s just too small.
- Use of COVID sign-up system – is it fair to majority of members.
- Assign days that a member can bring a guest (ex: 50 days)
- Purchased home under certain principals and to take them away is just wrong. 3 months of data is not enough. We should be able to manage traffic flow at the S.C.
- Look at how to handle classes – they are typically not full.
- Make it painful if members allow renters.
- Previous rules (2014) included access for members and children up to 23 – everyone else paid (children, grandchildren, parents etc.). Board changed it without any input. Important to understand the history.

Member Bobby Bees

Member Doug Brandt

Member Laura Brandt

Member Judy Nichols

Member Tom Baker

Member Debbie Perelmutter

Member Rick Polpillo

Member Diana Mezzanotte

Member Barbara Shestko

Member Chris Bates

Member Rob Glass

Member K. Kaess: Consider running a Monte Carlo scenario for the Financials.

Alex F. said there’s a perception that the recreation assessment finances the Sandcastle. People need to understand that the fee is very far from financing the Sandcastle. Majority of people that finance the Sandcastle do not use it. Everyone pays a recreation fee. Consider creating a graph that actually shows this.

Member Michael Heidingsfelder: KICA did a good job managing Sandcastle and gym during COVID – why not utilize that reservation system to solve these issues?



Lost Beach cans during the storm – TOKI considering replacement. Look to work with KICA to move cans to a better location. Trash pickup will be done earlier tomorrow and TOKI Town Council has been moved to Wednesday.

Jerry asked for motion to adjourn. So moved by Alex F., seconded by David D. Meeting adjourned at 4:40 p.m.

Respectfully submitted,  
*Ellen Festa, Executive Assistant*



# BOARD OF DIRECTORS

## Executive Session Summary of Actions

**NOTE:** KICA's legal counsel has stated that it is best practice for KICA to report executive session votes, so that they are recorded in the public minutes and made available to KICA members via the website. On advice of legal counsel, we will make an appendage to our public meeting minutes, which contain an excerpt from executive session minutes of any action the board has taken. As a reminder, executive sessions are for privileged, confidential and/or sensitive matters, which the board does not believe should be discussed in public.

**December 4, 2023**

Jerry McGee called the meeting to order at 3:20 p.m.

### Votes Taken During Meeting:

- Approval of November 6, 2023 Minutes **(VOTE)**

**Vote Passed: (7) In favor** (McGee, DeStefano, Mascolo, Donlon, Fernandez,  
Mole, Zampino)

- Approval of Governance Task Force Members **(VOTE)**

The following KICA members will be part of the task force:  
Kelly Sach, Paul Hennessy, Andy Capelli, Laura Kane  
Beverly Fieroh, Glenn Thomson, Kris Pickler

**Vote Passed: (7) In favor** (McGee, DeStefano, Mascolo, Donlon, Fernandez,  
Mole, Zampino)

- Approval of Kevin Donlon as Chair of the Governance Task Force **(VOTE)**

**Vote Passed: (7) In favor** (McGee, DeStefano, Mascolo, Donlon, Fernandez,  
Mole, Zampino)

No other votes were taken.

Meeting was adjourned at 5:47 p.m.

