

KIAWAH ISLAND  
**COMMUNITY**  
ASSOCIATION

**BOARD OF DIRECTORS**

**Meeting Minutes**

**May 8, 2023 at 1 p.m.**

**Virtual and In-Person Meeting**

Board Members Present:

Jerry McGee, Chair

Beth Zampino, Vice Chair

Lisa Mascolo, Treasurer

Kevin Donlon, Director

David DeStefano, Secretary

Alex Fernandez, Director

Amanda Mole, Developer Director

Staff Members Present:

Shannon White, COO

Dale Schoon, Director of Finance

Ellen Festa, Executive Assistant

Tony Elder, Director of Operations

Sarah Bond, Director of HR

Member Attendees: (24 In Person / 42 Virtual)

Recording of Meeting: <https://www.youtube.com/watch?v=8xgac1OyPDI>

**1. Call to Order**

Chair Jerry McGee called the meeting of the Kiawah Island Community Association Board of Directors to order @ 1:00 p.m. He stated that we invite questions or comments from members on agenda topics only. If it's not an agenda topic, will ask members to wait until the end of the meeting. Asked that speakers limit comments to one topic and 2 minutes, so everyone has a chance to speak.

**2. Member Comments – Agenda Topics**

Member Paul Hennessy: Suggestion related to member comments on agenda topics - it would be helpful to hear the discussion on the topic first before asking for member comments.



Member Maura McIlvain: Comments on legal fees agenda item and proposal raised at Finance Committee meeting about charging members filing fees for complaints, litigation, etc. KICA is responsible to respond to all communications, accurate responses may help avoid litigation. Legal fees over past several years not all related to ‘member’ issues. Encourages Board, FC and Admin to review covenants that identify what KICA can actually charge for – might be difficult to get this approved.

Member Brad McIlvain: Comment on Treasurer’s report and that no financial reports were given at the Annual meeting as per state law or at last Board meeting. Hopes to hear cost of lawyers for second opinion on the By-Laws and review of FCM. Feels KICA misuses lawyers – should be used to determine proper course of action not for review of decisions already made.

Member Perry Molinoff: Requests that Board respond sooner than later to issues raised in the pre-derivative demand letter. For issues such as KICA establishing ARB, partner rights to appoint Director, please respond piecemeal rather than waiting for a complete response.

### 3. Chair Comments

- Wonderful turnout for the 20th anniversary of Celebrate Kiawah. Thank you to our Sandcastle staff for hosting such a wonderful member event. The Allee of Oaks leisure trail was recently widened from 8’ to 10’, runs from Governors Drive to Boardwalk 32, a mile of trail and it’s magnificent. This trail is part of the board’s commitment to upgrading 2.1 miles of trails to excellent or good. Marsh Island Walk Bridge has been redone - trails beyond the bridge are now being redone – should be done this week.
- Alex F. commented on the sense of urgency with the Allee of Oaks project – done quickly and done well. There are stop signs and stripes with the word ‘stop’. Need to review other bike paths that don’t have the stop sign and the word ‘stop’.

### 4. Administrative

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

- a. Approve April 10, 2023 Minutes



Jerry M. asked for a motion to approve the minutes. So moved by Lisa M., seconded by David D.

Alex F. asked for a change to the item about review of vendor payments. He'd like to amend the minutes to say that we reviewed all vendor payments, not just those over \$500K. Shannon clarified that we pulled the entire AP list.

Jerry asked for a motion to approve the April 10, 2023 as amended. So moved by David D., seconded by Alex F.

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

**b. Ratification of E-Votes**

- Jerry read a brief statement about E-Votes: “Following questions from some of our board members, we sought opinion of legal counsel, related to the ratification of votes, both from executive session and e-votes taken between meetings. Our legal counsel feels that it is best practice for us to report these votes, so that they are recorded in our public minutes, which are then made available to our members on our website. For today, we will continue with the ratification of the 2 e-votes listed, as these are already on the public agenda. Going forward, 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. We will do this for today’s minutes and moving forward.”
- Jerry asked for motion to approve E-Vote taken on 4-18-23 to obtain Legal Counsel to address 3/26 Demand Letter. Shannon stated that the 3/26 Demand Letter is now being covered by our insurance carrier so our insurance lawyer is also included. So moved by B. Zampino, seconded by Lisa M.

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

**(1) Abstain** – A. Mole

- Jerry asked for motion to approve E-Vote taken on 4-27-23 to bind Property Insurance with USI. So moved by B. Zampino, seconded by Lisa M.



- Alex F. statement qualifying his vote. He believes it's a serious mistake for KICA to reduce its umbrella liability from \$25M to \$20M.
  - Lisa M. clarified that USI broker is looking at obtaining an additional \$5M in coverage and that the Finance Committee unanimously recommended this option.

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

## 5. Reports

### a. COO Report – Shannon White

#### **Bike Patrols**

Security Team is preparing to do limited bike patrols on our leisure trails. Security officer has been identified, bike gear is being purchased and it should begin within next 30 days.

#### **ATAX Funding**

Follow up on whether we can use this funding for our boardwalks. Currently under legal review with Rosen Hagood.

#### **Crosswalk at Flyway**

Potential for speed limit signs and crosswalk related to Flyway. Crosswalk is currently with Engineering on how to lay it out, speed limit signs have already been changed.

#### **Boardwalks**

Currently in process of clearing all boardwalks of sand. We have a skid steer device on island all week, have cleared 3 of 26 boardwalks and are moving down the beach.

### b. Treasurer's Report – Lisa Mascolo / Dale Schoon

Dale provided updates on the following:

CTR: \$800K through April – annualized that's \$2.4M. Budgeted at \$3.05M. 1st phase of The Cape is delayed, representing \$800K that we won't receive in 2023. Removing that \$800K puts us at \$2.2M forecasted for CTR – currently on track.



Collections: 0 liens outstanding as of May. 33 delinquent accounts totaling \$85K - 99.4% collected. Last year at this time, we had 32 Liens, 171 delinquent accounts totaling \$387K. Thanks to accounting staff for their excellent work bringing that number down. We're continuing to work on reducing delinquent accounts prior to moving to liens.

USI Insurance Renewal – All lines bound as of 5/1/2023. Finance Committee was unanimous in their recommendation to the Board. It was 10% over \$762K budget. Program was \$75K- \$80K over that number and the Board voted to approve. Lisa M. commented that the work that Jenks Bailey and the USI team did was pretty robust. Tight market, capacity significantly limited on the coast, and in other areas, lot of reticence on the part of underwriters.

Lisa M. responded to earlier comment on Financial Report. Annual Meeting Treasurer's report and quarterly financials are posted on the website.

Lisa M. responded to comment on filing fees. It was a good discussion by the Finance Committee. Probably didn't approach it in the way we might have done. However, it was clear that it wasn't a great idea and not something we should pursue.

**c. Legal Expense Review of 2018 - 2023**

Finance Committee agreed that it made some sense for the community to understand what we are spending on legal fees:

2018 - \$32K  
2019 - \$38K  
2020 - \$47K  
2021 - \$257K  
2022 - \$150K  
2023 YTD - \$52K

**d. Audit Committee – Lisa**

Two types of Audit – 1) committee that deals with Auditors that meets 2 or 3 times to discuss parameters of financial audit and 2) Internal Audit. Finance Committee generally agrees we need a separate Audit committee. Still need to work out details and it's an ongoing discussion with the Finance Committee on structure and how it's going to work. Is it a subset of FC, is it a separate committee of the Board? Still need to work on details.



**e. Joint ARB Task Force Update**

Kevin Donlon provided an update. ARB TF is off and running. For KICA we have (4) members: Kevin Donlon, David DeStefano, Madeleine Kaye and Beverly Bunting. Brad Belt and John Moffitt for Town Council and Marc Camens and Peter Schneider. First meeting held, discussed our goals and what kind of product we were going to deliver.

Created 4 sub-groups:

- ARB Assertive Authority
- ARB KICA Touch Points
- ARB Town Touch Points
- Legal Analysis

Groups are to conduct interviews, research documents and compare notes. Collect all that information and create a report which is an initial overview of the current state of things. Then move into observations about what we've learned and try to make some recommendations. Hope to be able to share the first phase of the report with the community this summer. From there, dig deeper into the issues and where we think some proposed solutions could be.

**f. Governance Task Force Update**

Kevin Donlon provided update on By-Laws. Governance TF has done a lot of work reviewing comments and suggestions related to changes. KICA Board met for 3.5 hours on April 11 digging deep into the questions, requested changes, and identified questions for legal counsel. TF and Board met this morning, reviewed legal counsel input, and narrowed it down to about 3 areas that need some additional work. Plan is to circulate back to TF and Board to get an endorsed version. Cycle that version back to the community for a 14 day exposure period towards end of May. Currently targeting July for final Board vote.



## 7. Old Business – N/A

- Jerry asked for motion to approve Resolution to form Legal Committee of the Board for the 3/26 demand letter. So moved by A. Fernandez, seconded by David D.

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

**(1) Abstain** – A. Mole

- Jerry asked for motion to approve Charter for the Communication Strategies Task Force. So moved by A. Fernandez, seconded by Kevin D.

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

## 8. New Business – N/A

## 9. Board Member Comments

- David D. commented on votes taken in the April 10 Executive Session to nominate 2 people to the ARB Joint Task Force. There were (4) votes taken.
  - Motion made by K. Donlon to nominate Madeleine Kaye, seconded by L. Mascolo - Vote passed **(6) In Favor** – **(1) Abstain** – A. Mole.
  - Motion made by D. DeStefano to nominate Brad McIlvain, seconded by A. Fernandez - Vote passed **(3) In Favor** – B. Zampino, D. DeStefano, A. Fernandez **(2) Against** – K. Donlon, L. Mascolo **(2) Abstain:** A. Mole, J. McGee.
  - Discussion resulted in 3<sup>rd</sup> vote: L. Mascolo made a motion to remove Brad McIlvain as member of TF. Vote passed **(3) In Favor** – B. Zampino, L. Mascolo, K. Donlon **(2) Against** – D. DeStefano, A. Fernandez **(2) Abstain:** A. Mole, J. McGee
  - 4<sup>th</sup> vote: K. Donlon made a motion to nominate Beverly Bunting, seconded by L. Mascolo **(3) In Favor** – B. Zampino, D. Donlon, L. Mascolo **(4) Abstain:** D. DeStefano, A. Fernandez, A. Mole, J. McGee

David stated this was lowest point he's seen on this Board. We voted, a few members of the Board didn't like it, so let's do it again.



- Resolution with respect to the issues regarding our COO (5-2 vote). David stated his vote was not for or against the COO. It was against the communication. The communication was modified and he didn't like the modification. It had nothing to do with the COO.
- Vote regarding the Audit (4-3 vote). David said there were questions presented to the Auditor that were not responded to. Also, in the middle of the audit, Board voted (4-3) to remove our Treasurer.
- Vote to remove Alex as Treasurer (4-3 vote). 3 of the 4 votes to remove Treasurer were people who were not present at the event. To vote such a strong measure without being a witness to what occurred was inappropriate.
- Alex F. commented on ARB Payment issue raised in March Board meetings where Legal counsel was asked to review remedies available us to get a refund. Opinion has been received but not at liberty to discuss due to attorney/client privilege.
  - Alex F. made a motion to permanently remove this ARB expense from our 2023 budget which amounted to \$75K. Seconded by David D.
    - Jerry stated that it was agreed to with the Partners they would not pursue this payment. Amanda confirmed they are not sending invoices.
    - Discussion about freeing up the money for something else. There are no implications to removing it from the budget.

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

- Lisa M. commented on what David said about the vote to remove Alex as Treasurer and that it was clear to all who voted in favor were aware of what happened to Shannon. Jerry cautioned that we're getting into a sensitive discussion area that could fall into attorney/client privilege. This matter will be only be discussed in the proper channels.
- Alex F. commented on what was reported to the community about the Auditors resigning due to the 4-3 vote. He doesn't believe the full story has been communicated and that there are other factors. Lisa stated that she faithfully reported the reasons they resigned that were told to her by Israel Gomez of Keefe McCullough.





- Discussion about 990 and clarifications that KICA is the Member, not Gallagher. Beth clarified that Gallagher will not be used for the next round of salary benchmarking, so this should address concerns going forward. Jerry suggested Lisa and Alex get together to discuss further.

## 10. Member Comments

Member Michael Kuenne asked what the policy is for the Board to respond to member emails. Auto response says 48-hours, but he hasn't received a response to his question.

Jerry stated they will be developing a communications plan to improve this.

Member Todd Boney asked if there's any update on marshland transfer.

Amanda added that the developer has the right to put marshland under conservation easement prior to transfer so that's the documentation Conservancy needs to review. Todd asked that the parties consider repurposing the land if that's not a limitation of a conservation easement.

Member Andy Capelli commented on Auditor resignation and what was the requirement of engagement letter to complete the 990. Review engagement letter and check responsibilities.

Lisa clarified that the engagement letter was appropriate and followed – they were not required to do the 990.

Member Brad Belt expressed concerns related to comments made at recent Town Council meeting by Town attorney that the Town should not get involved in any matters pertaining to KICA and KICA general covenants 1) Town has no control over KICA and 2) not a party to KICA Covenants. Opinion is problematic for KICA....(Audio unclear) regard to paragraphs 13, 15, 16 and 18 in Development Agreement related to certain conveyances that need to occur prior to termination of Dev. Agreement. Town would have no intention [unclear] but because KICA is specifically named, it is an intended 3<sup>rd</sup> party beneficiary, has the right to enforce those promises but would need to take certain actions in order to so. Board is probably already aware, but convey to membership what those promises are that benefit KICA in the Dev. Agreement particularly in regard to marshland and highlands and what steps Board has taken. Jerry asked what the definition of 'highlands' is. Brad B. stated it's not defined in the Dev. Agreement but would be in the recorded plats.



Member Maura McIlvain asked about the following:

- Board Meeting schedule in conflict with book club.
  - Shannon clarified that the Board’s calendar is set for the entire year and takes into account vacations, holidays and availability of the Board. It is all posted on the website calendar through March 2024.
- ARB Task Force is not going to answer all the questions. For instance, they’re not going to answer if the position of the developer director ended in 2018. Hope that the Board is addressing some of these questions and not the Task Force.
- Resolution issued has no mention of the ARB Payments – don’t understand why. Would like to know what the Board’s position is on those payments.
  - Jerry clarified that it’s not an issue going forward since they stopped them.
- Regarding the Health Ins. component of the resolution, she doesn’t believe Chapter 12 applies. Would like an explanation on what happened and how the Board thinks Chapter 12 answers the question.
- Commented that if you start talking to the community about legal advice and staff members evaluations, you’re leaving yourself open. You don’t want staff reviews out in public.
- Community should know about ARB ties and financial connections as we look at ARB relationship going forward.

Member Brad McIlvain commented on allegations from the February 6 Board Meeting.

Board members’ duty and obligation is to KICA. Staff has similar responsibility.

Questioned why the Board spent 3 months in review of these allegations. Any unclear documents should be redrafted. Comments on March 8 Finance Committee meeting with auditors and Keefe-McCullough reasons for their resignation.

Lisa M. clarified that the term ‘Board misconduct’ was never used. Staff did not tell Keefe-McCullough that there was nothing to look at.

Member Phil Mancusi-Ungaro commented on nastiness of iKiawah and that it needs to stop.

Feels part of the problem is a void of information. Communications strategy should include how to respond to document requests. Commented on how nice Allee of Oaks trail is and asked when bridge repairs will get done. Tony Elder said it’s scheduled for 3<sup>rd</sup> quarter.



Comment on lines/crosswalks uniformity across the island – need to assess, repair, update and repaint these.

David D. stated that the Security T.F. continues to discuss this. Looking at prioritizing and scheduling projects.

Enforcement at intersection with stop sign – still needs to be addressed.

Member Larry Wolohan asked what will be done when the contract with the Sheriff ends in June.

David D. provided an update on District 10, District 11, possible engagement of Aviation Authority and impacts to Kiawah. Multiple issues that are being looked at and addressed.

Member and Town Council member Michael Heidingsfelder provided information about how police coverage works.

Member Larry Wolohan provided breakdown of how ATAX funds are distributed amongst the “K”s and asked why KICA doesn’t receive any of these monies.

Member and Town Council member Michael Heidingsfelder commented there are lots of legal requirements for how it’s spent, i.e.: promotion of tourism. KICA is a private island and cannot request these funds which could jeopardize that.

Member Paul Hennessy commented on urgency of getting a new auditor and incorporating the feedback from the Finance Committee to have a separate audit committee in that process. Also agrees with Communications Strategy – there’s a real need for the Association to step up its game on quality and consistency of communications. Mandate didn’t reference working specifically with Town. They have same issues and there may be a lot of synergies there. Size of working group seems small and only through end of year.

Jerry commented that they will start out small, identify gaps and build from there.

Member Carol Medendorp said Celebrate Kiawah was a great event. Proposed there should be a charge for the no-shows. Commented on private island status and the recent accidents that were non-members. It was clarified that both accidents were people with legitimate island access.



Member Gaye Stathis stated that based on everything heard here today, it might be time to expand the Board and do it the right way.

Jerry M. commented about leadership. Have to find ways to be more collegiate, less adversarial, urges everyone, myself included, to work on this. Difficult time right now, don't want some things to spill out and have potential to have journalistic outing "trouble in paradise".

Jerry asked for motion to adjourn. So moved by Alex F., seconded by David D. Meeting was adjourned at 2:58 p.m.

Respectfully submitted,

*Ellen Festa, Executive Assistant*

