

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

BOARD OF DIRECTORS

Meeting Minutes

October 9, 2023 at 1 p.m.

Virtual and In-Person Meeting

Board Members Present:

Jerry McGee, Chair

David DeStefano, Secretary

Lisa Mascolo, Treasurer (via Zoom)

Kevin Donlon, Director (via Zoom)

Alex Fernandez, Director

Amanda Mole, Developer Director

Board Members Not Present:

Beth Zampino, Vice Chair

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

Member Attendees: (10 In Person / 26 Virtual)

Recording of Meeting: <https://www.youtube.com/watch?v=sY26IK9wsM4>

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.

2. Member Comments – Agenda Topics

Member Philip Mancusi-Ungaro: Have By-laws been formally filed?

Jerry said they were just signed by the Chair and Secretary and will be filed shortly. Phil commented on Executive Session topics (ex: Kiawah Conservancy/Marshland, Governance next steps etc.) and feels, as per new By-laws, there are things that should be discussed in public. How is Board deciding what will be discussed in Exec. Session?



Jerry commented that this is a new process and they will refine it as we go forward, but the Board felt there were a few things that needed to be discussed in private.

Member Maura McIlvain: Has there been any discussion on having Executive Session in the morning prior to Board meeting?

Jerry stated the Board decided to keep it as is at this time with potential to change if warranted.

Maura also commented on election schedule and if there will be separate quorums for the Election and the Annual Meeting and how that will be accomplished. At Town Council meeting last week, there was discussion about lower Beachwalker development, and that it is in violation of the KICA/Partner MOU from 2018. Want to ensure the Board is advocating on behalf of its members and that the MOU is honored.

Member Paul Hennessy: Compliments to KICA staff for the concise and very clear minutes. Re: road conveyance item, it was mentioned that before the road conveyance for The Pointe, that there be an engineering analysis of the roads. Wondering if that analysis was done.

Kevin's comment was related to Ocean Park roads that had been conveyed when the Town was responsible for approving road construction, not KICA. The Pointe road conveyance now falls under the new KICA road standards and hence needs to follow those guidelines.

3. Chair Comments

Jerry commented on upcoming election and encourages members to run. There are 3 seats open, 2 are for a 3 yr. term and 1 for a 2 yr. term. Discussion on how voting would be allocated per the new By-Laws which refer to a Special Election vs. Regular Election, something that needs to be discussed by the Board. Speed Enforcement has been put on hold. The Board will discuss and revisit the approach. We do need some kind of enforcement. David D. will provide a readout of the Security & Enforcement TF later in the meeting.

4. Administrative

a. Approval of Minutes (VOTE)

a. Approve September 11, 2023 Minutes



Jerry asked for a motion to approve the September 11, 2023 minutes. So moved by David D., seconded by Alex F.

Vote Passed: (6) In favor

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

(1) Not present – B. Zampino

a. Ratification of E-Votes N/A

5. Reports

a. COO Report – Shannon White

Marshland Transfer

Kiawah Partners & Kiawah Conservancy are close to agreement on language in the conservation easement. It is currently intended to add the conveyance of the marshlands to the KICA Board's November 6 agenda.

Alex F. asked that the minutes reflect that issues previously raised around liability, additional costs, insurance, etc. have been addressed by Legal Counsel and management and are no longer of any concern.

POPs Partnership

Shannon took a moment to highlight the partnership this year between KICA & POPS. POPS is one of the longest serving groups on the island, operating here since 1986. In our partnership this year, the POPS committee crafted events to bring community members together at fun, social events and KICA facilitated the execution of the events. Our Sandcastle team, specifically Amy Cook & Stephen Whitaker, worked directly with the POPS committee to plan 6 events this year:

- “Share the Love” on Feb 14, followed by:
- Progressive Dinner in March
- Spring Fling in April
- Cinco de May in May
- Hello Fall event last night

Goals of the partnership was to increase attendance and reach a wider group of our members, especially our newer members. I'm happy to report we are achieving both goals. Our last POPS event for the year is the December 7 tree lighting at the Sandcastle. We look forward to continuing our partnership with POPS to bring these fun events to life.



Sandcastle

In addition to the POPS events, Sandcastle has some other great events coming up:

- The Our World Series is back for the season. Last week was a discussion on Island Security, featuring KICA's Director of Security, and his partners from the Resort, Beach Patrol & Charleston County Sheriff's Office. On Thursday, of this week, the topic will be Putin's Wars, with Dr. William Hill, an expert on Russia and the former Soviet Union, East-West relations, and European multilateral diplomacy.
- October 12, Team Trivia is back again. Form a team of family, neighbors and/or friends and come out for a fun evening of competition.
- If you are interested in learning some new dance steps, we have a class underway now for Salsa & Shag. On Oct 24 & 31, they will be teaching Swing & Southern Line Dance.
- Saturday, Nov 4 – Oyster Roast
- Friday, Nov 17 & Saturday, Nov 18 – Arts & Artisans Showcase

I'd like to take a moment to publicly thank our Sandcastle staff. After completing a busy summer & pool season, they haven't missed a beat in transitioning to the fall. They are welcoming back the regular meetings of clubs & groups to the Sandcastle. With the beautiful fall weather, they have wedding &/or private events booked for the next 5 weekends and will complete a total of 21 private events before the year ends. I'd just like to take this opportunity to recognize their work for our members.

b. Finance Report – Lisa Mascolo / Dale Schoon

Budget planning underway – all department heads are pulling together their budgets.

Biggest thing that members need to be aware of is what the assessments will be. Finance Committee will deliberate and make a recommendation the Board with respect to the Budget. Challenges will be in the potential increases in property insurance costs. Increases of 20 to 50% are being seen in the industry and there should be no surprises with the challenges we have that will most likely result in assessment increases for 2024. Finance Committee will also be working in conjunction with HR to look at Employee Health Insurance cost increases as well – have received one quote in the range of 20% increase.

Investment Policy Statement will be reviewed later. We've been tracking Legal fees:

Budgeted \$103K – YTD we've spent \$207K - current projections have us around \$240K.



This spending level is similar to having a full time Legal Counsel, something we should look at.

Jerry asked if we have any buildings that would need to be updated in terms of Insurance coverage. Shannon said we have two that will be re-roofed so we fall under the insurance requirement of 12 years. All other buildings are ok.

CTR: Dale provided an update on CTR:

We needed to average \$200K per month to meet budget of \$3.050M.

September was \$286K - our average now is \$165K per month. On pace to make budget.

Alex confirmed with Dale that this is without The Cape, which has been postponed to 2024.

General Assessment - 1 lien outstanding representing about \$3,500

Flood Assessment - \$1,300 outstanding

Thanks to Accounting staff for stepping up communications with membership and it's paid off.

c. 2024 Election Update – Lisa Mascolo

Within construct of new By-laws, we're looking at 2 separate elections. Regular Election for two (3 yr. seats) and Special Election for one (2 yr. seat). What are quorum requirements? Shannon commented that after discussion with legal counsel, it is 2 separate elections, but they will be running at the same time.

Discussion about having 2 separate elections vs. changing the By-laws to keep election simple. Kevin thought the intent was for one election, with highest vote getter getting the longer term and second highest votes get the shorter term. By-laws state this applies if all seats are a Special Election. Kevin suggests we figure out what's the best approach and then make the By-laws work. Keeping it less complicated may encourage more members to vote. David D. doesn't believe it's going to be that complicated to run 2 elections, Town just did it. Won't be time to get a By-law change before the election cycle, this is a one-time scenario. Best outcome is to make it as easy as possible for people to run. Alex F. stated to let people decide if they want to run for 3 yrs. or 2 yrs. Get clarification from attorneys on (2) elections and quorum requirements.

Lisa reviewed timelines with application submission deadline being November 8 at noon. Standalone communications will go out with information on seats, terms and that



candidates need to declare which term. Four (4) questions will be asked of all candidate for video interviews for members to review. Candidates can conduct optional individual Zoom sessions that will be run by KICA. There will be two (2) Open Houses where potential candidates can learn about Board service and ask questions.

d. Personnel Recruitment & Retention Report – Shannon White

Shannon White provided an update on Recruitment & Retentions. Highlights:

- In 2022, the board committed approximately \$1M towards increasing employees' take-home pay in a strategic attempt to improve our recruiting and retention rates.
- Initiatives included multiple increases to base pay, implementation to cover half of employee's commute costs, a sign-on bonus, and a retention bonus.
- These incentives have continued into 2023.
- Continuing to see a positive trend in our turnover and retention rates and trending more favorably than the monthly national and state averages for turnover.

Key Successes:

- Security has remained fully staffed for the entire year, and at times has been over-staffed (+2) to help manage the impact of attrition on their department.
- Sandcastle Pool Attendants were fully staffed this year, as well as Seasonal General Maintenance and Seasonal Landscaping positions.

Jerry just wanted to thank the Board for getting ahead of this and thanks to Alex F. who initially started the process. Alex F. commented that we looked at it as an investment rather than an expense.

e. Security Task Force Update – David DeStefano

Security TF met a week ago. Review of District 11 which was recently formed – encompasses Seabrook, Kiawah, and Kiawah River Estates to Edenvale Rd. from 7 a.m. to 7 p.m. and then goes back to District 10. There's been more CCSO presence and looking to get more deputies working with Sheriff, looking to pay them more in order to hire more deputies. No camera enforcement being done right now, considering a letter notifying of speeding – would be an informational letter, not an enforcement letter. Renters are still a challenge. Need to work on a strategy for this area.



Alex F. commented on Bufflehead and Flyway speeds - still need to look at this area. Alex F. found out from Leah Burris - Director of Communications, that renters are informed by rental companies of KICA Rules and Regulations.

Jerry M. stated that the Board needs to revisit electric vehicles at some point.

f. Sandcastle User Group Update – Shannon White

Sandcastle User group has met and reviewed the summer season statistics such as access #s, Ocean View pool usage, etc. They held a discussion on the regulations and if any changes need to be made. Discussions about capacity vs. the experience and where is the right level. They will meet again in mid-October to continue these discussions.

6. Old Business (N/A)

7. New Business

Lisa M. reviewed update of the Investment Policy Statement. It was looked at by a sub-committee of the Finance Committee (Bran Petranovic, Paul Hough, Dale Schoon) The objective was to simplify and make it easier for our Investment Advisor to meet our objectives. Goal is to get a revised IPS to the Board for a vote by the November meeting. Changes include:

- Removed references to Cash management – sub-committee feels it makes more sense to have it addressed in a separate policy.
- Delegation section: Addition of paragraph 4 that further defines the role of Cook St. MS pertaining to their ability to maximize the opportunities to achieve our investment objectives.
- Remove +1 from Construction inflation index and tie it to what’s in the Reserve Policy, so changes would be automatic and keep them in synch.

Open question and lots of discussion on whether there’s a need for a separate Investment Committee or whether the FC functions as the Investment Committee. Prevailing sentiment is that we don’t need a separate Investment Committee, lessens our liability.

Alex F. commented on 3 points: 1) opposed to increasing our equity position to a max of 55% from 40%. Introduces risk in a market that’s in turmoil. 2) New IPS says Investment Manager can invest in individual stocks, disagrees with this. 3) 55% is risky – exposes us in



the event of a large stock market drop. What happens if the market tanks and we lose money? What do we say to our Members? Should this be in the policy?

Discussion on increasing to 55% pros and cons. It is a range of 25% to 55%. FC didn't feel this would be unreasonable.

Discussion on whether the Board be involved in monitoring or approving major changes in our equity position? Does this increase Board's liability? We're paying our Investment Advisor for their expertise to manage this within the guidelines and objectives KICA has set. Kevin commented that we should have a stated policy that they manage to, we should not be involved in executing. Lisa stated we've always had a range and it's always been at the discretion of the Advisor to manage within those guidelines. She will take it back to the Finance Committee for discussion.

Next Steps: Finance Committee will review and discuss and bring a recommendation back to the Board for discussion and vote.

8. Board Member Comments

Alex F. read the following statement:

There are three subjects that regularly show in conversations with community members. Traffic in Kiawah, the ARB and the continuing representation on the KICA Board by a Director that solely represents the interest of the developer. Same subjects clearly showed in the recent community member survey conducted by KICA.

Traffic is clearly a concern, and the increase is caused by the continuing development of empty lots and parcels in Kiawah. There are certainly action items that KICA can take to speed up the process at the front gate but traffic control approaching the gate is a Town of Kiawah responsibility.

The ARB control and its arbitrary processes is now being studied, reviewed, and discussed by a joint group of KICA and TOKI members. We hope that soon we will see some advancement on how we can change the ARB control or modified its operating process.

The continuing representation of the developer on the KICA Board is an action item of our members. Let me explain.

The Community Association Covenants stated on article III, section 2,

The Type E Member shall be the Company. The Type E Member shall be entitled to appoint a single member of the Board of Directors.

Under Article VIII, section 2 it states

No amendment to this Declaration shall be made without the consent of the company until such time as eighty percent (80%) of the cumulative maximum number of lots and dwelling units authorized in Kiawah Island by the Town of Kiawah Island have been sold and conveyed to Type A members, or until the termination of the Development Agreement between Kiawah Resort Associates, LP and the Town of Kiawah entered October 12, 2005, whichever occurs first.



The key word here is OR UNTIL the termination of the Development Agreement. I will not get into the legalities of the date of termination of the Development Agreement but instead outline that the Company clearly owns less than 20% of the property.

Therefore, the action to be taken by our members is to agree to modify the Covenants to remove the clause that gives entitlement to the Company to appoint a Type E Director.

Alex F. made a motion to submit to a vote of our membership to delete the clause in Article III, section 2 referring to Type E member during the upcoming Board election process.

Seconded by David D.

Discussion:

Amanda M. suggests the Governance Task Force review all covenants instead of just one.

David D. disagrees with waiting.

Lisa M. thinks we should discuss.

Kevin D. feels it's too rushed and hasn't had time to study the issue.

Jerry M. doesn't think this should be an ad-hoc decision.

Vote Not Passed: (2) In favor

A. Fernandez, D. DeStefano

(4) Against

L. Mascolo, K. Donlon, J. McGee, A. Mole

(1) Not present – B. Zampino

A. Mole acknowledged that her vote did not need to be counted. Her vote did not change the outcome of the vote.

9. Member Comments

Member Maura McIlvain: Draft By-Laws posted on website dated April...is not correct, bringing that to your attention. Shocked at the members who were selected for the Board Outreach Committee. Was this a Board vote? Lisa M. stated there was no Board vote, the members were appointed as per the Board Outreach Committee Charter.

Member Philip Mancusi-Ungaro: Prior to Kevin joining the Governance T.F., they had lots of discussion about how to deal with election. Thanks for putting me on Security Task Force, attended first meeting and it was interesting. Commented on speeding on Governor's



Drive between V-gate and Firehouse is a racetrack. What is being done for speed monitoring in this area?

Member Brad McIlvain: Commented on process followed for selection of members to the Board Outreach Committee by the Chair of that committee.

****To Do**: Lisa stated that the Board needs to look at all the Charters and get them in synch, since they are all different.

Member Brad Belt: Observation and comments on the purpose of the Reserve Fund. Is there a KICA Policy or Board policy that says KICA seeks ARB approval on projects?

Shannon would have to research this but is not aware of one. KICA staff performs this function until the Board or attorneys direct them not to.

Question raised on fees & deposits. Would be helpful to the community to know how much KICA is paying out each year in fees and deposits to the ARB. Can we get a report going back over a period of time showing fees and deposits by each project?

Shannon stated that would be a very large project, how far back are you asking the Board for us to go? Brad B. said the past year.

Member John Connolly: Comments on Duneside Road and the agreement between KICA and Partners regarding access from Beachwalker. Concerns about access being provided for parking – no reasonable provisions for parking have been made. Asks that KICA stand behind the MOU signed by Partners and KICA.

**** To Do**: MOU to be circulated to the Board.

Member Paul Hennessy: Encourages the Board to support Alex's motion re: Developer's mandated KICA Board position. Given where we are in the development cycle, Board seat for the Developer seems 'disproportionate'. Having the issue on the Ballot in January will crystallize the Community's view on a strategic issue for Kiawah and allow prospective Board candidates to express their opinion.

Whether the Developer should continue to have a mandated Board position are very important, but not particularly complex. Communications, education and debate should not be difficult to accomplish before voting begins. Encourages this Board to take a position on the issue itself, but not necessary to move the Community decision forward. I have a very high regard and respect for Amanda's competency and professionalism as a Board member



(including her contribution to the Governance Committee); the above issue is institutional and not at all individual.

Can we get “annual update” on the important work done by the various Committees and Task Forces? Should include:

- Mandate recap
- Membership
- Issues considered during the year
- Recommendations made and decisions taken by the Board
- Priorities still being worked and/or Board decisions still pending

Jerry asked for motion to adjourn. So moved by Alex F., seconded by David D., meeting adjourned at 3:15 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.

September 11, 2023

Jerry McGee called the meeting to order at 3:55 p.m.

Votes Taken During Meeting:

- Approval of July 10, 2023 Minutes **(VOTE)**
Vote Passed: (7) In favor
- Approval of August 31, 2023 Minutes **(VOTE)**
Vote Passed: (7) In favor
- Board to re-allocate up to \$100,000 in MR&R funding for the road project.
Vote Passed: (7) In favor

No other votes were taken.

Meeting was adjourned at 5:22 p.m.

