

KICA/TOKI ARB Work Group:

Review of current ARB authority, responsibilities, governance and processes ... and development of first ideas for a way forward.

Phase II Report

December 1, 2023



KIAWAH ISLAND

COMMUNITY

ASSOCIATION

TOWN OF

Kiawah Island[®]

ESTABLISHED
1988

KICA/TOKI ARB Work Group Background & Mission

- The Work Group generally feels that the ARB has contributed greatly to the desirability and attractiveness of Kiawah Island and positively influenced property values for properties across the island.
- However, there is a perception in the community that the ARB is not customer focused, as evidenced by the fact that 44% of the 3,348 respondents to KICA's 2023 Member Survey stated that they are "Somewhat" or "Very Dissatisfied" with the Kiawah ARB. 26% stated they are "Not Sure" or don't feel qualified to answer.
- The Member Survey also noted dissatisfaction in the areas of process clarity, quality of feedback, adherence to standards and the time span for resolution of requests.
- This work group analyzed the current operating structure and community concerns of the existing architectural control process on Kiawah and is making recommendations for a more community-centric architectural control process.
- The work group will continue to solicit community input and seek to build a community-wide consensus for a preferred system of architectural control.
- If a general consensus can be achieved, a formal proposal can be made to the Developer for migration of the ARB to this new system.

KICA/TOKI ARB Work Group Background & Mission

Objectives and Action Plan:

Phase 1 *(preliminary report published in June 2023)*

- Identify the documents and their relevant passages which govern or relate to architectural control on Kiawah.
- Identify how architectural control is presently addressed by the ARB, KICA and TOKI, jointly and separately, especially related to cost, consistency and transparency.
- Identify the benefits and weaknesses of existing architectural control on Kiawah.
- Engage with the community for feedback on current architectural control practices.

Phase 2 *(addressed herein)*

- Benchmark architectural control in comparable communities to provide context.
- Identify near-term recommendations for KICA, TOKI and ARB processes to address issues identified by the community regarding ARB decision-making.
- Propose a detailed vision for the scope, structure, governance, and reporting of an independent architectural control function on Kiawah.

Work Group Members:

- KICA: Kevin Donlon, Dave DeStefano, Beverly Fieroh, Madeleine Kaye
- TOKI: Brad Belt, Michael Heidingsfelder, Marc Camens, Peter Schneider

Architectural Control in Comparable Communities

- The Work Group researched how architectural control is managed in resort-type communities comparable to Kiawah.
- Attributes studied included:
 - Type, age and size of the community;
 - Governing documents;
 - Whether architectural review is controlled by the developer or the property owners;
 - Scope of architectural control;
 - Structure of architectural review boards; and
 - Appeals processes.
- The goal of this research is to provide context to Kiawah's current architectural control process and proposed vision.
- Note that the data in the chart that follows came from survey responses from the subject community and public sources.

Architectural Control in Comparable Communities

Community	ARB Control	Scope of Control	Size of Board Committee	Appointed or Elected?	Professionals on Board Committee	Architectural Review Staff	Additional Notes
Kiawah Island Kiawah Island, SC Founded 1976 4,500 Homes Fully Gated	Developer	All exterior improvements including new builds, major and minor renovations/additions, landscape modifications, tree removals, and some signage.	Six members. Five developer appointed, one appointed by HOA board.	Appointed by Developer.	4 professionals.	4.5 full time (2.5 are professional).	The General Covenants suggest, but do not require that architectural control be transferred from the Developer to property owners (KICA).
Seabrook Island Seabrook I., SC. Founded 1972 1,700 Homes Fully Gated	Property Owners.	Review of all plans for new construction, external improvements, landscaping, tree removal, and enforcement of ARC Policies and Procedures, including imposition of fines.	5 members (3 year term) plus 2 members of board of directors.	5 non-Board members appointed for a 3 year term.	Not Available.	1 Architect.	
Palmetto Dunes Hilton Head, SC Founded in 1967 932 Homes Fully Gated	Property Owners.	All new builds, pool/spa additions, and major exterior renovations/additions to a home are reviewed during a monthly ARB meeting. All other exterior work, including repainting and reroofing is reviewed administratively throughout the month.	7 volunteer community members.	Appointed by HOA Board of Directors.	Preference for some type of professional background (engineer, architect, designer, etc.)	Supported by HOA.	Many matters can be approved by HOA staff, including tree trimming, painting, roofing, docks/bulkheads, dumpsters, driveway/walkway renovation, deck/railing renovation, pool & deck renovation, windows/doors replacements, demolitions, retaining wall additions & renovations, and landscape enhancements. No appeal of ARB decisions.

Architectural Control in Comparable Communities

Community	ARB Control	Scope of Control	Size of Board Committee	Appointed or Elected?	Professionals on Board Committee	Architectural Review Staff	Additional Notes
Hilton Head Plan. Hilton Head, SC Founded 1973 4,250 homes Fully Gated	Property Owners.	New construction, including tear-downs, all exterior modifications including roofing, exterior paint colors, pools, etc. New and major landscape changes. Tree removal mitigation policy.	7 members plus 2 alternates and 1 ARB Administrator (non-voting).	Appointed by the HOA Board and chaired by a board member.	Not Available.	1 architect and 1 landscape architect.	Conveyed in 1995. Design guidelines reviewed every 2 years. Appeals to ARB, then HOA Board. ARB administrator approves on-site inspections, tree removal, re-roofing, re-painting, satellite disc, job site conditions, recreational equipment, minor repaint and replacement to building and property.
Sea Pines Plan. Hilton Head, S.C. Founded 1956 3800 Homes, 2000 Villas Fully Gated	Property Owners.	New Construction, all exterior improvements, including repainting and reroofing, new construction landscaping and for major additions/alterations to existing residences, tree protection, signage.	Sea Pines Arch. Review Corp (SPARC) (6) oversees ARB (9).	ARB includes 4 appointed by resort, 2 appointed by CSA, 2 appointed by ASPPPO, 1 appointed by CSA/ASPPPO.	Not Available.	2 Full Time.	Assigned to ARB by covenant amendment in 1984. In 2001, ARB became a standing committee of SPARC, a private non-profit with 3 members, ASPPPO, CAS, and Resort. SPARC has 6 member Board of Directors, 2 from Resort, 2 from CSA, 1 from ASPPPO, and Chair of ARB. ARB has all authority, rights, etc assigned to it by 1984 covenants. Appeals made first to ARB, and then independent arbitration at owner expense.
Amelia Island Plantation Amelia Island, SC Founded 1972 2,200 homes Fully Gated	Property Owners.	Exterior construction, renovation, review of maint. work with no change to original color or materials, new and major landscape projects, and tree removal.	4 voting members, 2 architects, 1 landscape architect and 1 chairperson from the HOA management.	Appointed by HOA Board of Directors.	2 architects, 1 landscape architect.	1 full time. Supported from HOA.	Residents assumed control of ARB in February in 2023 after property owners voted to amend the governing documents in 2022. Developer sued and matter settled via mediation.

Architectural Control in Comparable Communities

Community	ARB Control	Scope of Control	Size of Board Committee	Appointed or Elected?	Professionals on Board Committee	Architectural Review Staff	Additional Notes
Ocean Reef Key Largo, FL Founded 1993 1,632 homes Fully Gated	Property Owners.	All exterior changes and major interior changes, including roofing, painting, landscaping and driveways.	6 members.	Appointed by HOA Board.	2 developers, 1 construction manager, 1 landscape architect, 1 attorney.	3 part time HOA staff.	Older community with golf course, air strip and extensive marina. Appeal of ARB decisions to the HOA Board of Directors.
The Cliffs Glassy, Valley, Vineyards & Mountain Park 2,000 Homes Fully Gated	Property Owners.	New home design, color palattes, landscaping, lighting.	4 property owners plus property manager.	Appointed by HOA Board of Directors.	Property owners with some type of professional background (architect, engineer, etc. desirable but not necessary.	Integrated in property manager.	All functions of the community are managed by a third party manager. Communities controlled by the property owners include Glassy, Mountain Park, Valley, and Vineyards.
Palmetto Bluff Bluffton, SC Founded 2000 875 homes complete, 400 in construction or design review, 3,800 planned Gated	Developer (South Street since 2021 and Henderson Park Capital)	Design Review Board review required regardless of project size. Need DRB approval to use own builder.	Design review performed by developer staff.	Not Applicable.	Director (1).	Director (architect), two administrators.	Built for sale homes, custom and semi-custom using selected builders. Palmetto Bluff Neighborhood Assn. Independent body provides voice for residents. Palmetto Bluff Advisory Committee formed and staffed by developer.
Scottsdale Ranch Scottsdale, AZ Founded 1984 3,939 homes Partially gated	Property Owners.	Anything that is visible on the exterior of the home or property to include any landscape front and back of the home.	Not Available.	Appointed annually by HOA Board of directors. Chaired by HOA Board Member.	None currently.	Supported by HOA.	Large master planned community. Forty subdivisions.

Architectural Control in Comparable Communities

Benchmarking Takeaways

- While we studied many communities, including some not in the chart for sake of brevity, exemplary resort communities of particular interest based on age, origin and size are:
 - Amelia Island
 - Sea Pines
 - Hilton Head Plantation

- Commonalities found in these communities:
 - Property Owners – not the Developer -- control architectural design
 - HOA appoints ARB members
 - Well-defined appeal processes often exist
 - All ARBs include licensed professionals
 - Scope of architectural control includes:
 - New construction
 - New and modified landscaping
 - Exterior Modifications
 - Painting/repainting
 - Roofing/reroofing
 - Tree removal

- Differences noted in these communities:
 - Construct and appointment mechanism of Architectural Review Board, as well as governance and control structure, differs in each community.

Near-Term Recommendations

Objective

Propose near-term changes to address certain concerns that have been expressed regarding ARB practices to improve customer service. The primary issues identified by the Task Force include:

- 1) **Scope of authority** - particularly with regard to routine repairs and ongoing maintenance, charging fees and requiring deposits, and imposing penalties/mitigation;
- 2) **Inconsistent and arbitrary application of guidelines** - changes during process; ARB often does not apply the same standards to developer projects as it does to individual homeowners;
- 3) **Costs** - amount of fees and deposits, particularly in relation to the cost of certain projects; deposits not being held in escrow accounts and not returned in a timely manner;
- 4) **Lack of transparency and accountability** - decisions aren't published and no formal appeal process exists;
- 5) **KICA Livability enforcement of ARB guidelines** - particularly through implied consequences to contractors/vendors; and
- 6) **KICA and TOKI policies** – staff often solicit ARB approval absent any requirement to do so.

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>1.1) The ARB should acknowledge that like kind and routine repairs and maintenance projects are not presently subject to ARB review and approval authority, but rather fall under KICA jurisdiction based on Section 11 of the KICA Rules & Regulations.</p>	<p>A very controversial matter highlighted by the Work Group and many community members is the authority of the ARB to review and approve like-kind and often small routine repairs and maintenance projects. Article II, Paragraph 1 of the General Covenants could be interpreted to mean that the ARB does not have authority to review and approve these like kind repairs and maintenance projects. The used term “alterations” may arguably be viewed as excluding like kind repairs and maintenance.</p>	<p>The ARB agrees to streamline the review & inspection process for smaller repair and like-kind replacements projects. The ARB will consider eliminating fees for compliance notification projects. The ARB remains of the position that they have the authority to review and approve these usually smaller repair and maintenance projects to the exterior of a building to ensure that a proposed like-kind project turns indeed out to be a like-kind maintenance and repair project.</p>

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>1.2) The ARB should acknowledge that ARB approval authority with respect to signage is limited to commercial signs and signage on residential and commercial lots. It does not also have authority over other signage e.g., along streets, at ponds or beach boardwalks.</p>	<p>The Work Group and many community members are of the opinion that Article II, Paragraph 3 of the General Covenants can be interpreted to mean that ARB's approval authority for signage is limited to commercial signs, such as "for rent" and "for sale" signs, as well as property identification signs exceeding a certain size.</p>	<p>The ARB remains of the position that signage control is not limited to commercial signs but is authorized by Design With Nature and KICA road codes.</p>
<p>1.3) The ARB should limit its review authority to the scope of the building or alteration project being proposed for review and approval. The ARB should not use such review of a project as an "opportunity" to impose additional requirements on other aspects of the building or landscape.</p>	<p>An issue identified by commenters was that the ARB may require changes to building construction or alterations or color schemes or landscaping which are not related to the project being proposed for approval and then withhold approval for the requested project or withhold a deposit unless the additional changes are agreed to and implemented.</p>	<p>The ARB remains of the position that non-compliant items can be reviewed in connection with a new construction or alteration project.</p>

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>1.4) The ARB should acknowledge that landscape maintenance is not presently subject to ARB's review and approval authority, instead landscape maintenance is subject to KICA jurisdiction based on Section 11 of the KICA Rules & Regulations.</p>	<p>It is undisputed that the General Covenants provide the ARB with the right to review and approve new landscape plans in conjunction with projects for new construction or modification to existing structures.</p> <p>The Work Group is of the opinion that the ARB does not have authority to review and approve regular landscape maintenance activities because the General Covenants also addresses separately the obligation of each homeowner to maintain their property. Furthermore, the KICA Rules and Regulations also stipulated that ongoing landscape maintenance is the responsibility of each homeowner.</p>	<p>The ARB remains of the opinion that Article III, Paragraph 1 of the General Covenants requires the review and approval by the ARB for any alteration to vegetative characteristics, means e.g., the removal of trees or the changes in type of vegetation and trees.</p> <p>The ARB does agree that regular (e.g., weekly) landscape maintenance (other than vegetation removals or changes) does not require their review and approval.</p>

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>2.1) The ARB should apply Designing with Nature guidelines equally and consistently to all building and improvement projects, including projects of its parent -- the Developer -- and those of commercial business partners.</p>	<p>Commenters observed that the guidelines are not consistently applied between individually owned properties and between homeowner residents and commercial developments. The General Covenants' obligations are applicable to all properties and the Designing with Nature guidelines expressly state that the requirements and the review processes are similar for single-family and multi-family or commercial projects.</p>	<p>The ARB remains of the position that it holds the Developer to a higher standard of review than other applicants.</p>
<p>2.2) The ARB should publish approved body and trim colors for homeowners for new construction projects. The industry standard LRV number should be used for paint colors. The ARB would have discretion to approve other colors.</p>	<p>Work Group members and commenters noted that there is uncertainty and subjectivity, and perceived inconsistency, regarding which paint colors will be approved by the ARB. Use of standard LRV numbers associated with every paint color would alleviate the subjectivity.</p>	<p>ARB has indicated a willingness to:</p> <ul style="list-style-type: none"> • establish a preferred color palette with schemes appropriate for a range of materials and site; and • implement an LRV scale to supplement Value Finder Chart.

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>3) The ARB should alter its policy for fees and deposits such that:</p> <ul style="list-style-type: none"> the dollar amount of a fee or deposit should be commensurate with the scope and cost of any building or alteration project; deposits should be held in non-commingled bank accts; deposits in excess of \$1,000 should be held in escrowed accounts; and deposits should be returned within 5 business days upon homeowner request. <p>The Work Group would also recommend to publish these fees in a more transparent and understandable form.</p>	<p>The Work Group agrees that without fines or fees or deposits, it will be more challenging to hold property owners accountable. Further, other communities we benchmarked also require fees, fines and deposits. But it is arguable whether the Developer currently has the authority, based on the General Covenants, to charge fees, impose fines or to require deposits.</p> <p>Furthermore, commenters observed that fees and/or deposits imposed by the ARB can exceed the cost of the project and discourage homeowners from undertaking needed repairs and maintenance.</p> <p>Last, commenters noted that it can take weeks or months to get deposits returned. In some cases, they are abandoned, which results in unjust enrichment of the Developer.</p>	<p>The ARB has stated that it:</p> <ul style="list-style-type: none"> has enabled property owner access to CitizenServe via KICA; added “incomplete” status to CitizenServe; added inspection reqmts. to permit card; now copies the owner on all permit emails; and send inspection reminder emails on permit expiration date. <p>The ARB has also stated that it will :</p> <ul style="list-style-type: none"> review deposits return policy; and work towards electronic payment for all fees and deposits.

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from ARB Management
<p>4) The ARB should increase transparency and accountability in the following ways:</p> <ul style="list-style-type: none"> • prior to granting any variance from any objective standard in Designing with Nature, the ARB shall provide notice to adjacent property owners and provide such property owners the right to appear before the ARB; • the ARB should provide the basis for, and make public, any decision to grant a variance; • the ARB should keep, and make publicly available, minutes of meetings of the ARB; and • property owners shall have the right to appeal any staff decision to the ARB in a proceeding which is open to the public unless the property owner requests a closed proceeding. 	<p>Commenters raised a number of concerns regarding the lack of transparency and perceived inconsistency of ARB staff and Board decisions.</p> <p>Making public the basis for such decisions will provide greater transparency into the decision-making process and promote greater consistency in outcomes.</p>	<p>The ARB will work to clarify the currently existing appeals process.</p>

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from the KICA Board
<p>5) KICA should review its relationship with the ARB, including:</p> <ul style="list-style-type: none"> • the KICA appointed member to the ARB should be an advocate for the interests of Members and report to the KICA Board and membership regularly regarding ARB matters; • KICA Livability should be responsible for enforcing KICA Rules & Regulations pursuant to the established procedures, not just ARB guidelines; • encroachment permits issued by Livability should not be used as an enforcement mechanism for violations of ARB guidelines; and • KICA should enable property owner access to CitizenServe. 	<p>KICA is a membership organization and Board members have a fiduciary obligation under SC law to act in the best interests of the membership as a whole. Having the KICA representative to the ARB serve as an advocate for Members and report to the Board and membership with regard to architectural review issues would enhance transparency.</p> <p>Commenters noted that contractors believe they won't be able to work on Kiawah if they don't pay deposits and fees to the ARB or follow ARB guidelines. General Covenant rights and obligations apply to property owners and there is no authority conferred on the Developer with respect to contractors or vendors. They may be subject to KICA rules.</p>	<p>KICA Board will review and provide a way forward.</p>

Near-Term Recommendations

Work Group Recommendation	Work Group Commentary/Background	Feedback from the KICA Board & TOKI Council
6) KICA and TOKI staff should not defer decisions in order to consult with the ARB absent any requirement to do so and should be advised to advocate for the interests of property owners.	Staff should support members and residents to comply with KICA Rules & Regulations and TOKI regulations rather than implicitly advancing ARB policies that are not supported by the Covenants.	KICA Board and TOKI Council will review and provide a way forward.

What Is Best for Kiawah Over the Long Term?

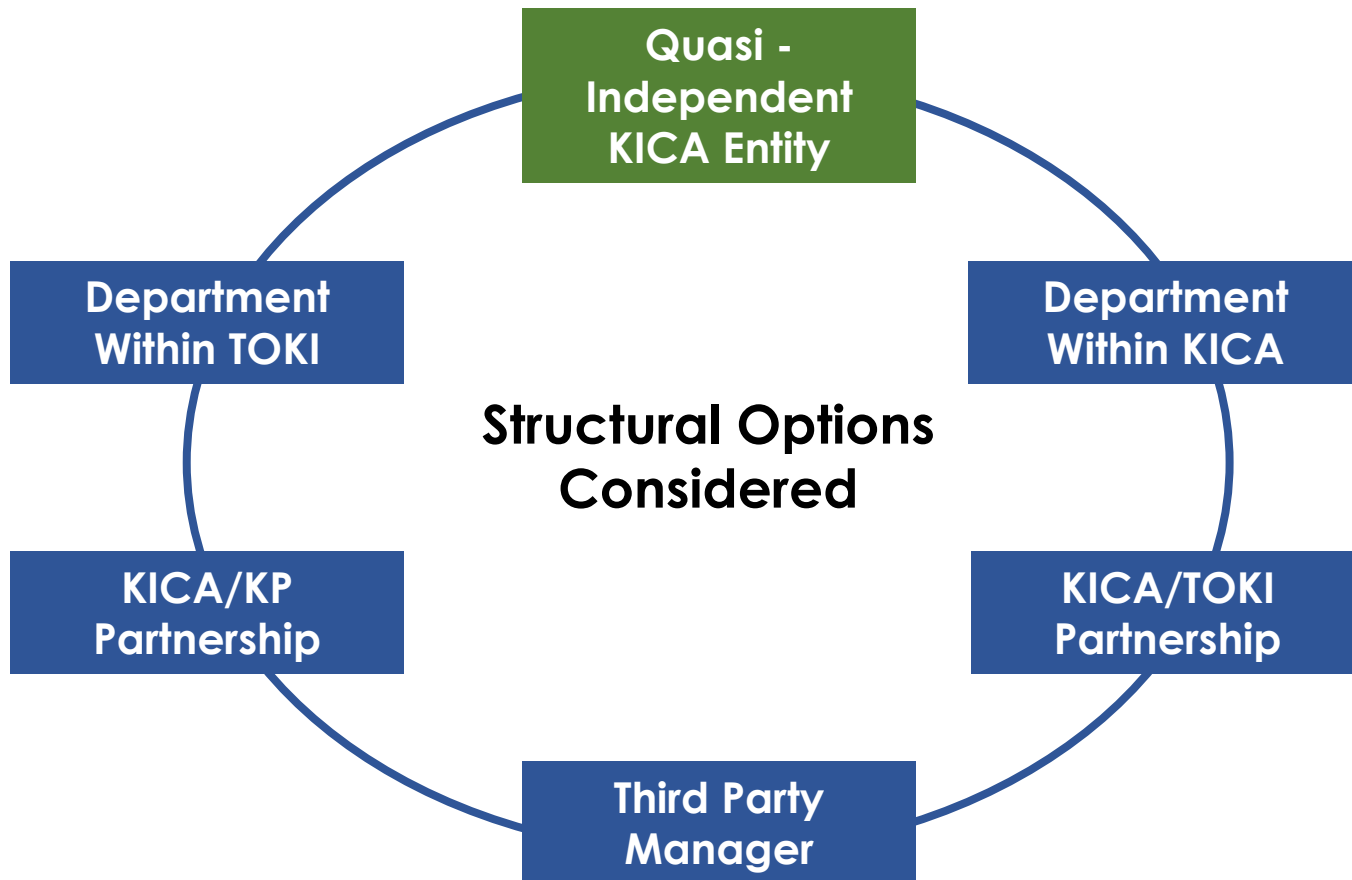
- The work group recognizes that some community members may prefer to maintain the status quo with Developer control over Kiawah Island architectural processes.
- An alternative scenario would be for the Developer to formally assign its architectural rights to KICA as provided as an option in the KICA covenants.
- The work group brainstormed a “vision” for architectural control on Kiawah that attempts to address many of the concerns expressed by the community.
- Central to this vision is our belief that after almost 50 years, it is time for architectural control to be community based, given that over 80% of property on Kiawah Island is now owned by private parties.

A Vision for Independent Architectural Control

To create this vision, the Work Group:

- Utilized data from its benchmarking study, as well as input from the community survey and community meeting; and
- Considered various structural options for a complete architectural control process.
- Key goals included:
 - Continue to support increases in property values;
 - Governance by, and accountability to, Kiawah property owners;
 - Improved process clarity, consistency and transparency;
 - Inclusion of a system for property owner appeals;
 - Uphold Kiawah's value and reputation; and
 - Harmony with Kiawah's natural beauty and unique environment.

A Vision for Independent Architectural Control



A Vision for Independent Architectural Control

Proposal for Discussion

**Architectural Governance
Committee (“AGC”)**



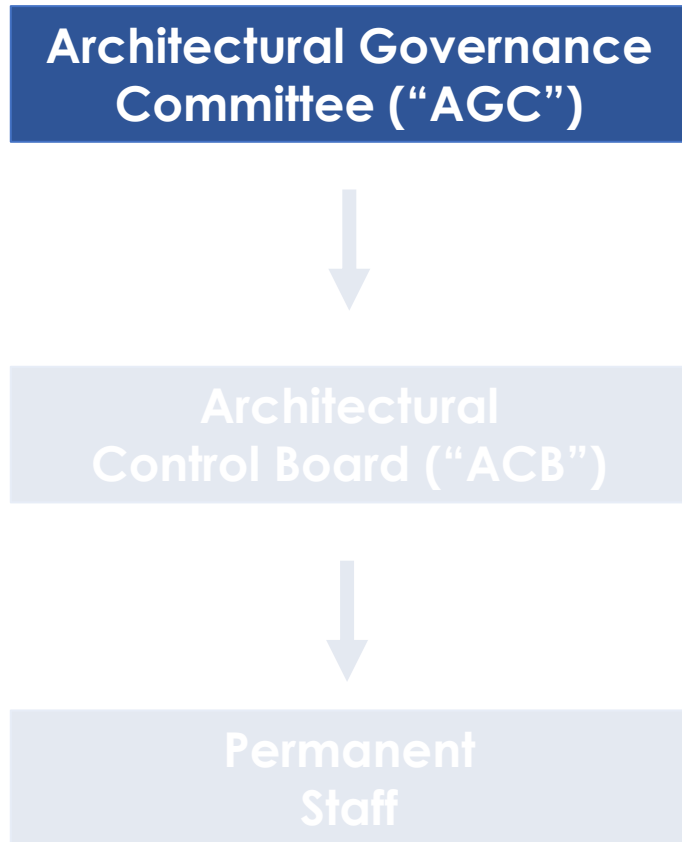
**Architectural
Control Board (“ACB”)**



**Permanent
Staff**

- Responsible for architectural integrity on Kiawah, including oversight of all architectural control processes and resources.
 - Considers appeals of ACB decisions by community members.
 - Meet quarterly in public, or as often as needed.
 - Diversified membership comprised of volunteers.
 - Decisions should be made by majority in public sessions.
-
- Oversee policies, including Designing With Nature guidelines, aesthetic decisions and compliance.
 - Five to seven members selected by AGC.
 - Credentialed industry professionals, including residents with appropriate skills.
 - Managed by full time Chair/Director who is licensed.
 - Meet bi-monthly in public, more frequently if needed.
-
- Similar function to current ARB staff.
 - Reports to full-time Chair/Director of ACB.
 - Manage day-to-day activities following ACB policies.
 - Sized as appropriate for workload.
 - Provide information and recommendations to ACB.
 - Perform inspections and compliance tasks.

A Vision for Independent Architectural Control



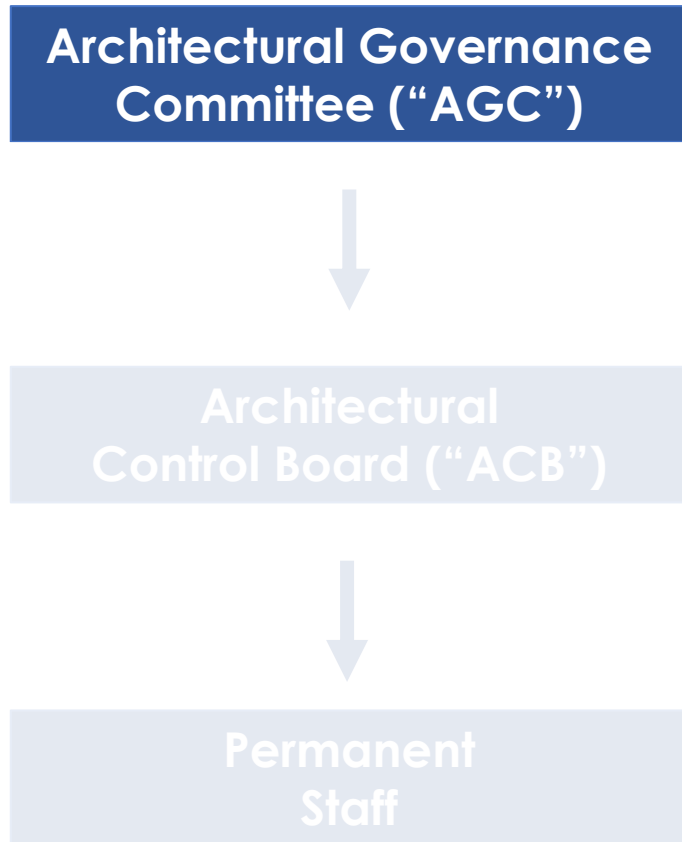
Selection of AGC Members

- A body of five to seven members appointed at will by a diverse group of community stakeholders, with the goal of minimizing special interests and political entanglements.
 - Two appointed by KICA.
 - Two appointed by TOKI.
 - One "tie-breaker" appointed by a third entity, such as the Resort or the Kiawah Conservancy.
 - All members are appointed at will and may be recalled by the appointing entity.

Notes:

1. The Work Group considered elected positions but opted to separate the ACG from political forces and avoid additional costs and administration.
2. TOKI may be required to nominate AGC members, to be confirmed by KICA, in order to comply with regulatory rules.

A Vision for Independent Architectural Control



Suggested Skillset for AGC Members:

- Community volunteers willing to carry the responsibility of oversight for the ACB's activities and decisions.
- Unpaid position.
- Volunteers would ideally bring one or more of the following skills:
 - long-term community members (>5 years);
 - adequate time to commit to the role;
 - some background in architecture, landscape architecture, civil engineering or construction; and
 - experience in governance, Kiawah volunteer experience, and/or management of a nonprofit entity.
- Residents working in the development or building industry in or around Kiawah would be excluded from committee membership.

A Vision for Independent Architectural Control

A formal appeals process is a key component of the proposed structure.

- The AGC will consider appeals of ACB decisions in cases in which it is argued that the ACB conducted its application review in an arbitrary and capricious or unfair manner and not based on aesthetic design.
 - The property owner will initiate the process and submit a “Request for Reconsideration” to the ACB; and the ACB must respond within 60 days.
 - Next, if the request is denied by the ACB, or if the property owner rejects a proposed compromise, the property owner may appeal the decision to the AGC, which must provide a decision within 60 days.
 - The AGC will either uphold or override the ACB decision.
 - Note: the appellant has the burden to prove that the ACB acted in an arbitrary, capricious and unfair manner.
- If an ACB ruling is not deemed arbitrary, capricious or unfair, the AGC must affirm that ruling.
- The KICA Board will not be permitted to overrule AGC or ACB decisions.
- The appellant shall cover all costs of the appeal, and a deposit (amount TBD) shall be provided to start the process.

A Vision for Independent Architectural Control

What we like:

- Representation from the entire community.
- Independent of existing KICA infrastructure, politics and board member terms.
- Builds upon the positive aspects of current ARB board and staff.
- Provides a resident-centric governing oversight body.
- Provides for involvement of industry professionals on the ACB.
- Diversifies control of the ACB, and lessens the potential for political interference.
- Establishes an appeals process that includes community representation.

What concerns us:

- Creation of a new, independent entity might create administrative burden.
- KICA's ability to support administrative functions of the AGC & ACB.
- Application fees may be higher to cover costs of a stand-alone entity.
- Structure is not directly set out in the governing documents and changes will likely be required.
- Potential for loss of institutional knowledge in a staff transition.
- Potential for lack of continuity due to AGC turnover.
- Transition plan yet to be negotiated.

Paths to Independent Architectural Control

The Work Group identified three primary options for pursuing the transition of Kiawah's architectural control function to community control:

1) *Developer Assigns All Rights to KICA – Preferred and Easiest*

- Requires Developer cooperation.
- Requires confirmation that KICA can delegate control to the Architectural Governance Committee.

2) *Property Owner Action – Legally Complex, requires significant community involvement*

- Requires a change to covenants, with substantial community approval.
- Developer may challenge this action in court.
- Implementation time will be longer.

3) *Litigation – Least Desirable Option*

- KICA could sue the Developer to force it to assign KICA its rights related to architectural control.
- Protracted, expensive, unpredictable and divisive approach.

Vision for a Long-Term Structure

Discussion Items

- What will be the revenue model for the new entity?
- Funding needed for ACB may be higher than current ARB.
- How would this entity overlap with current KICA and/or TOKI roles?
- What organizational, legal, operational and accounting infrastructure would be required? Would this be housed within KICA?
- What changes to the KICA Covenants are required for establishing the AGC and ACB as described herein?
- Should members of the AGC be compensated?
- Should KICA comprise the majority of the AGC (de facto control) or should decision making be more diversified?
- Are there other qualifications that should be considered for objectively appointing a candidate for the AGC?

Next Steps for Phase II

- Make this Phase II report and its recommendations available to the community for further input via:
 - Joint Community Meeting; and
 - TOKI Podcast.

- Pursue action on Phase II recommendations:
 - *TOKI should review existing informal practices related to zoning and building permitting where ARB requirements are accommodated;*
 - *KICA should review current rules and regulations wherein ARB requirements are referenced; and*
 - *KICA should review all informal arrangements with or relating to the ARB to better understand overlap and intersections and develop a plan to manage compliance independently.*

- Continue discussions with ARB leadership regarding near-term recommendations.

- Seek community consensus and formalize a proposal alongside KICA Board and TOKI Council to present to Developer.