STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
) FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF CHARLESTON)
) CASE NO.: 2024-CP-10-
Town of Kiawah Island, South Carolina; The)
Kiawah Island Natural Habitat Conservancy,)
Inc.; and Kiawah Island Community)
Association, Inc.,)
) SUMMONS
Plaintiffs,)
V.)
Kiawah Resort Associates, L.P.; KDP II,)
LLC,)
)
Defendants)

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your pleading to said Complaint upon the subscribers at their offices at 2036 eWall Street, Mount Pleasant, South Carolina 29464, within 30 days after the service hereof, exclusive of the day of such service, and if you fail to answer the Complaint within the time aforesaid, Plaintiffs will apply to the Court for judgment by default for the relief demanded in the Complaint.

Respectfully Submitted,

HAYNSWORTH SINKLER BOYD, P.A.

s/Stafford J. ("Mac") McQuillin III
Stafford J. McQuillin III, Esq. (SC Bar No. 78203)
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McCULLOUGH • KHAN • APPEL

s/Ross A. Appel Ross A. Appel, Esq. (SC Bar #79149) 2036 eWall Street, Suite 200 Mount Pleasant, SC 29464 (843) 937-0400 ross@mklawsc.com

ATTORNEYS FOR THE TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT

s/Amy E. Armstrong

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ATTORNEYS FOR KIAWAH ISLAND NATURAL HABITAT CONSERANCY, INC.

ROSEN HAGOOD, LLC

s/H. Brewton Hagood

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ATTORNEYS FOR KIAWAH ISLAND COMMUNITY ASSOCIATION, INC.

May 10, 2024 Charleston, South Carolina

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
) FOR THE NINTH JUDICIAL CIRCUIT
COUNTY OF CHARLESTON)
) CASE NO.: 2024-CP-10-
Town of Kiawah Island, South Carolina; The)
Kiawah Island Natural Habitat Conservancy,	
Inc.; and Kiawah Island Community	
Association, Inc.,) COMPLAINT
)
Plaintiffs,	Specific Performance
) Preliminary and Permanent Injunction
V.)
Kiawah Resort Associates, L.P. and KDP II,	
LLC,)
)
Defendants.)

Plaintiffs, complaining of the above Defendants, allege and state as follows:

PARTIES

- 1. Plaintiff, the Town of Kiawah Island, South Carolina (the "Town") is a municipal corporation organized and existing under the laws of the State of South Carolina.
- 2. Plaintiff, the Kiawah Island Natural Habitat Conservancy, Inc. (the "Conservancy") is a public charity organized and existing under the laws of the State of South Carolina. The Conservancy is an accredited non-profit organization established by Kiawah Island residents in 1997. The organization's mission is to measure, manage, improve and advocate for the ecological health of Kiawah Island and its environs. The Conservancy has preserved 77 properties that total over 3,860 acres of natural habitat.
- 3. Plaintiff, Kiawah Island Community Association, Inc. ("KICA"), is a non-profit corporation organized and existing under the laws of the State of South Carolina with its principal place of business on Kiawah Island, South Carolina.

- 4. Defendant Kiawah Resort Associates, L.P. ("KRA") is a limited partnership organized and existing under the laws of the State of South Carolina.
- 5. Defendant KDP II, LLC ("KDP") is a limited liability company organized and existing under the laws of the State of South Carolina.

JURISDICTION AND VENUE

- 6. The Court of Common Pleas for Charleston County has jurisdiction over the parties and the subject matter of this action.
 - 7. Venue is proper in the Court of Common Pleas for Charleston County.

THE FACTS

- 8. This case involves KRA and KDP's ("the Defendants" or "Property Owners") failure to convey, deed restrict, and place under conservation easement certain real property commonly known as "Captain Sams Spit" (the "Spit") pursuant to a development agreement with the Town.
- 9. The Town and Defendants entered into that certain Amended and Restated Development Agreement dated December 5, 2013 ("ARDA").
- 10. The ARDA comprehensively addresses Defendants' real property in the Town and sets forth certain obligations on the part of Defendants.
- 11. Pursuant to the Fourth Amendment to the ARDA dated November 1, 2022, the Town and KRA agreed "[the ARDA] shall expire on December 4, 2023." December 4, 2023 is referred to as the "Termination Date" of the ARDA.
- 12. The ARDA was the third in a series of development agreements entered into between the parties and covering substantially similar real property. The first development agreement between the Town and KRA is dated September 26, 1994 (the "First Development").

Agreement"). The second development agreement between the Town and KRA is dated October 12, 2005 (the "Second Development Agreement").

- 13. Paragraph 13(B)(4)(b) of the ARDA states that the "Property Owner shall dedicate conservation open space as provided in Paragraph 16 of this Agreement."
- 14. Paragraph 13(B)(4)(c) of the ARDA specifically identifies Captain Sams Spit as one of many "active or passive park sites and open space which have been and/or shall be dedicated to KICA in accordance with Paragraphs 15 and 16 of this Agreement."
- 15. The Spit is defined in the ARDA as Parcel 12B and visually depicted at Exhibit 16.2 of the ARDA.
 - 16. The Spit is currently owned by KDP, an affiliate of KRA.
- 17. Paragraph 16(f) of the ARDA reads, in relevant part and with respect to the Spit, as follows:

On or before the Termination Date of this Agreement, Property Owner shall convey to KICA (for nominal consideration by quitclaim deed) such areas of highland depicted in light green and cream on Exhibit 16.2 as are then seaward (as to land on the ocean side of Parcel 12B) of the crest of the primary oceanfront dune, less only such areas/lots as may have been encumbered by easements or conveyed to third parties (e.g., lot owners, KICA, etc. pursuant to the authorizations hereinabove noted).

(hereinafter, the "Marsh/Beach Paragraph")

Prior to the Termination Date, Property Owner also agrees to restrict all remaining highlands not devoted to the uses or purposes authorized herein, to non-developable, passive green space by restrictive covenant recorded in the Charleston County RMC office. Property Owner shall grant an easement to KINHC [Kiawah Island Natural Habitat Conservancy] (provided KINHC accepts) for any acreage not subject to Development, including such acreage as is to be conveyed, ultimately, to KICA.

(hereinafter, the "Highlands Paragraph")

- 18. Paragraph 31 of the ARDA states that "[e]xcept as provided in Sec. 16(d) herein, all conveyances shall be tendered by the Property Owner so as to close during the duration of this Agreement."
 - 19. Paragraph 34(j) of the ARDA confirms as follows:

Property Owner is obligated to provide to the Town and KICA the following enumerated extraordinary and significant benefits even if the Property Owner cancels, rescinds, repudiates, revokes, or in any manner terminates or attempts to terminate this Agreement:

- (i) Dedication of the conservation open space at Captain Sam's Spit as set forth in Section 16 of this Agreement.
- 20. Both the Conservancy and KICA are Third Party Beneficiaries under the Development Agreement between the Town and the Property Owners. *See Kiawah Resort Associates, L.P. v. Kiawah Island Cmty. Ass'n, Inc.*, 421 S.C. 538, 808 S.E.2d 521 (Ct. App. 2017).
- 21. Despite the passing of the Termination Date, KDP has not conveyed to KICA the areas required by the Marsh/Beach Paragraph nor has it deed restricted or placed a conservation easement on the lands required by the Highlands Paragraph. These obligations are mandatory, unconditional, and expressed in non-contingent terms.
 - 22. Paragraph 31 of the ARDA provides as follows:

The Property Owner hereby freely consents to such conveyances and waives any challenge it may otherwise have to the validity of said conveyances (as exactions or otherwise). Property Owner further agrees to waive any challenges to Town ordinances (regardless of when enacted) passed so as to limit Property Owner's use of Real Property to be conveyed to KICA (or some 501(c)(3) organization) in order to protect and preserve the purposes of the conveyances.

23. Defendants' obligations under Paragraph 16(f) and the ARDA, generally, survive the Termination Date pursuant to Paragraph 34(j) ("Survival of Property Owner's Obligations"). Paragraph 34(j) reads as follows:

Notwithstanding any provision of this Agreement, or of law to the contrary and as a partial consideration for the parties entering into this Agreement, the Parties agree that Property Owner is obligated to provide to the Town and KICA the following enumerated extraordinary and significant benefits even if the Property Owner cancels, rescinds, repudiates, refuses, revokes, or in any manner terminates or attempts to terminate this Agreement.

- 24. On December 4, 2023, KICA sent a letter to Defendants demanding specific performance of the Marsh/Beach Paragraph and the Highlands Paragraph. **Exhibit A.**
- 25. On December 14, 2023, Defendants issued a letter denying KICA's demand. Among other things, KDP claims neither the Marsh/Beach Paragraph nor the Highlands Paragraph have been triggered because the development plans for the Spit did not come to fruition. **Exhibit B**.
- 26. Before Defendants negotiated and signed the ARDA, Defendants knew that their development plans for the Spit may not come to fruition.
- 27. On January 8, 2024, the Town sent a letter to Defendants demanding specific performance of the Marsh/Beach Paragraph and the Highlands Paragraph pursuant to the ARDA.

Exhibit C.

- 28. The specific lands to be conveyed and placed into conservation easement pursuant to Paragraph 16(f) are depicted in recent surveys and proposed subdivision plats prepared by the Defendants themselves.
- 29. On March 6, 2024, the Town's Planning Commission approved a subdivision plat submitted by the Defendants for the land seaward of the primary dune (the "Ocean Front Highland"). **Exhibit D**. This constitutes some, but not all, of the land required to be conveyed to KICA under the Marsh/Beach Paragraph.
- 30. On April 3, 2024, the Planning Commission denied the Defendants' two additional proposed subdivision requests with respect to the Spit, which would have separated the marshlands

(the "Marsh") from and the remaining highlands of the Spit on Parcel 12B (the "Highlands"). **Exhibit E** and **Exhibit F**. The Marsh is the other property required to be conveyed to KICA under the Marsh/Beach Paragraph. The Highlands are the land required to be placed into conservation easement pursuant to the Highlands Paragraph. These subdivisions would have also created a separate parcel named Parcel 12A that is not at issue in this litigation.¹

- 31. At the April 3, 2024 Planning Commission meeting, the Defendants' representative confirmed the subdivisions were for the purposes of complying with the ARDA. However, the representative failed to provide the Planning Commission with details and confirmation that the Defendants intended to fully comply with Paragraph 16(f). When asked about the Defendants' plans for the Highlands, specifically, the representative referenced ongoing discussions with the State of South Carolina, which caused the Planning Commission concern. Therefore, the Planning Commission voted to deny these subdivision applications pursuant to Section 12-254 of the Town's Zoning Ordinance.
- 32. Should the Court award specific performance and injunctive relief as set forth herein, the Town will take all necessary and appropriate steps to ensure all necessary subdivisions are approved and recorded to facilitate the transactions called for by the Marsh/Beach Paragraph and the Highlands Paragraph.
- 33. As of this filing, Defendants have failed to convey to KICA the Ocean Front Highland and the Marsh pursuant to the Marsh/Beach Paragraph. The Defendants have further failed to put into conservation easement the Ocean Front Highland, Marsh, and Highlands pursuant to the Marsh/Beach Paragraph and the Highlands Paragraph.

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¹ Parcel 12A is where Beachwalker County Park is located. Plaintiffs claim no interest whatsoever in Parcel 12A, as Parcel 12A is not implicated in Paragraph 16(f) of the ARDA.

- 34. Plaintiffs reject the notion that Defendants' obligations under the Marsh/Beach Paragraph and the Highlands Paragraph are conditioned upon the occurrence or nonoccurrence of any event. The plain language of the text of the ARDA contains no such contingencies, and Defendants' obligations are express and unconditional. Therefore, all "remaining highlands" must be permanently deed restricted "to non-developable, passive green space" and placed under conservation easement with the Conservancy.
- 35. According to the Defendants' public statements, they have offered to convey all or a portion of the Spit, including the Highland, to the State of South Carolina in return for forty million dollars. The Defendants have asserted that this transaction is intended to settle the May 5, 2009 takings lawsuit Case No. 2009-CP-10-2847) they brought against the State. Such a conveyance would be hostile to the terms of the ARDA as set forth above and contrary to the express provisions of the ARDA.
- 36. The Town has met its obligations under the ARDA in all materials respects, including providing the necessary approvals in connection with the vested rights for residential and commercial development contemplated in the ARDA.
- 37. KDP's failure to perform its Paragraph 16(f) obligations are a material breach of the ARDA.
- 38. Paragraph 28 of the ARDA ("Remedies") authorizes the Town to pursue the remedies of injunction and specific performance in response to such material breaches.

FOR A FIRST CAUSE OF ACTION Specific Performance

39. Plaintiffs repeat all the allegations of the above paragraphs as if they were repeated verbatim here.

- 40. Specific performance should be granted only if there is no adequate remedy at law and specific enforcement of the contract is equitable between the parties. *King v. Oxford*, 282 S.C. 307, 318 S.E.2d 125 (Ct. App. 1984)
- 41. "In order to compel specific performance, a court of equity must find: (1) there is clear evidence of a valid agreement; (2) the agreement had been partly carried into execution on one side with the approbation of the other; and (3) the party who comes to compel performance has performed his or her part, or has been and remains able and willing to perform his or her part of the contract." *Ingram v. Kasey's Assocs.*, 340 S.C. 98, 106, 531 S.E.2d 287, 291 (2000).
 - 42. The ARDA represents a valid agreement between the Town and the Defendants.
- 43. KICA and the Conservancy are third party beneficiaries of the ARDA by virtue of the conveyance obligations of Paragraph 16(f). The ARDA provided Defendants significant benefits and development entitlements in connection with their real estate holdings, generally, and the Spit, specifically. The development rights associated with the Spit must be viewed in historical context.
- 44. Under the First Development Agreement, Defendants committed to conveying the entirety of the Spit to KICA outright. This was due to the unique environmental and other public values associated with the Spit. The First Development Agreement provided no residential development rights whatsoever with respect to the Spit. Paragraph 16(g) therein reads as follows:

Captain Sam's Spit. The Property Owner commits to the permanent reservation of the tract of land known as Captain Sam's Spit, shown in Exhibit 16.2 as active and/or passive open space, nature study, or parks. Property Owner agrees to convey Captain Sam's Spit to KICA, by quit claim deed by January 1, 2008; provided, however, that Property Owner may convey the eastern half of the spit to Charleston County Park & Recreation Commission prior to January 1, 2008.

(Emphasis added).

- 45. The Second Development Agreement, in Paragraph 16(f), opened the door to limited residential development of the Spit restricted to "no more than 20 acres" out of the entirety of the Spit. However, the Second Development Agreement maintained the unconditional obligation to convey and place under conservation easement the Spit prior to the Termination Date (the Marsh/Beach Paragraph and the Highlands Paragraph). Substantially identical language was carried over in Paragraph 16(f) of the ARDA.
- 46. Defendants had from October 12, 2005 to December 4, 2023 to develop the Spit as contemplated by Paragraph 16(f), but that did not occur due to no fault of the Town. Had such limited residential development occurred, it would have been excepted from Defendants' deed restriction and conservation easement obligations, but that development never occurred. Regardless of whether the maximum of 20 acres was developed, Defendants were still obligated to convey and deed restrict the areas specified in the Marsh/Beach Paragraph to KICA prior to termination of the ARDA and to deed restrict those areas referenced in the Highlands Paragraph not actually developed. As such and given the unique environmental and other public values associated with the Spit, the clear intention of the parties is for the entirety of the Spit to be conveyed and deed restricted as set forth in the Marsh/Beach Paragraph and the Highlands Paragraph.
- 47. Defendants' failure to comply with the Marsh/Beach Paragraph and the Highlands Paragraph prior to the termination of the ARDA, despite Defendants availing itself of a multitude of benefits under the ARDA, constitutes a material breach for which there is no adequate remedy at law, as recognized by the parties in the text of the ARDA.
- 48. KDP claims neither the Marsh/Beach Paragraph nor the Highlands Paragraph have been triggered because the development plans for the Spit did not come to fruition. (Exh. B).

- 49. Before Defendants negotiated and signed the ARDA, Defendants knew that their development plans for the Spit may not come to fruition.
- 50. Specifically, years before the ARDA was entered, Defendants were aware their development plans for the Spit may be prevented as a result of a December 18, 2008 permit denial by the South Carolina Department of Health and Environmental Control-Office of Ocean and Coastal Resource Management ("DHEC-OCRM"), which permit denial prevented the installation of a revetment necessary to develop the Spit.
- 51. In fact, on May 5, 2009 (prior to entering the ARDA in 2013), Kiawah Development Partners II, Inc. filed a Summons and Complaint against DHEC-OCRM in the Charleston County Court of Common Pleas alleging, *inter alia*, that "the ultimate denial of the permit, will result in the permanent loss of access necessary to develop . . . the Spit." (Complaint, ¶ 26, Case No. 2009-CP-10-2847).
- 52. In the May 5, 2009 Complaint, Kiawah Development Partners II, Inc. alleged "[t]he affirmative actions of Defendants have deprived KDP II of all productive and beneficial use if its property" and demanded a judgment in its favor of "not less than \$100 million." (Complaint, ¶¶ 33-34, Case No. 2009-CP-10-2847).
- 53. Paragraph 28 of the ARDA provides that the parties "recognize[] that the other Party would suffer irreparable harm from a material breach of this Agreement and that no adequate remedy at law exists to enforce this Agreement."
- 54. Paragraph 28 specifically authorizes specific performance as a remedy for a breach of the ARDA.
- 55. The Spit possesses unique environmental and other public values, and the Town, the Conservancy and the members of KICA have a compelling public interest in ensuring the Spit

is not developed, transferred to a third-party other than to KICA and the Conservancy, or otherwise disposed of in a manner inconsistent with the Marsh/Beach Paragraph and the Highlands Paragraph.

- 56. Paragraph 31 of the ARDA provides that "[t]he Property Owner hereby freely consents to such conveyances and waives any challenge it may otherwise have to the validity of said conveyances (as exactions or otherwise)."
- 57. Given the foregoing, Plaintiffs seek an Order compelling specific performance of the Marsh/Beach Paragraph and the Highlands Paragraph.

FOR A SECOND CAUSE OF ACTION Preliminary and Permanent Injunction

- 58. Plaintiffs repeat all the allegations of the above paragraphs as if they were repeated verbatim here.
- 59. For a preliminary injunction to be granted, the plaintiff must establish that (1) it would suffer irreparable harm if the injunction is not granted: (2) it will likely succeed on the merits of the litigation; and (3) there is an inadequate remedy at law. *County of Richland v. Simpkins*, 348 S.C. 664, 669, 560 S.E.2d 902, 904 (Ct. App. 2002).
- 60. Plaintiffs will suffer irreparable harm if Defendants fail to perform their conveyance and conservation easement deed restriction obligations under Paragraph 16(f). Moreover, no adequate remedy exists at law in response to such material breaches.
- 61. Paragraph 28 of the ARDA acknowledges the parties "recognize[] that the other Party would suffer irreparable harm from a material breach of this Agreement and that no adequate remedy at law exists to enforce this Agreement."

- 62. Paragraph 33(b)(iii) states "Property Owner shall not be entitled to transfer to third parties Real Property which Property Owner is required to transfer to KICA or other third parties by reason of the terms of this Agreement."
- 63. Plaintiffs will succeed on merits, given the clear and unambiguous language in the ARDA, for the reasons set forth above.
- 64. Plaintiffs have an acute interest in ensuring Defendants' Paragraph 16(f) obligations are performed prior to there being any conveyance to any third party other than KICA or the Conservancy. Therefore, Plaintiffs seek an injunction to prevent such a conveyance until the disputes arising under the Marsh/Beach Paragraph and the Highlands Paragraph are resolved with finality.
- 65. Given the foregoing, Plaintiffs respectfully request the Court award preliminary and permanent injunctive relief restraining Defendants from conveying any portion of the Spit to any third party other than KICA or the Conservancy until there has been a final ruling on Defendants' obligations under the Marsh/Beach Paragraph and the Highlands Paragraph.

PRAYER FOR RELIEF

WHEREFORE, having stated their Complaint against Defendants, Plaintiffs respectfully request that the Court award the following relief:

- i. An order compelling specific performance of Defendants' obligations to convey the Ocean Front Highland and the Marsh to KICA under the Marsh/Beach Paragraph, to include, subjecting this property to a conservation easement in favor of the Conservancy and conveying same via a quitclaim deed to KICA, subject to the conservation easement with no use or access reservations in favor of Defendants.
 - ii. An order compelling specific performance of Defendants' obligations to deed restrict the Highlands under the Highlands Paragraph to passive green space and to subject such property to a conservation easement in favor of the Conservancy.

- iii. An order granting preliminary and permanent injunctive relief, enjoining Defendants from conveying the Ocean Front Highland, the Marsh, and the Highlands to any third-party other than KICA or the Conservancy until Defendants' obligations under the Marsh/Beach Paragraph and Highlands Paragraph have been ruled on with finality.
- iv. An order awarding the Town attorney's fees and costs pursuant to Paragraph 34(g) of the ARDA.
- v. For such further relief as this Court may deem just and proper.

Respectfully Submitted,

HAYNSWORTH SINKLER BOYD, P.A.

s/Stafford J. ("Mac") McQuillin III
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ATTORNEYS FOR THE TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT

s/Amy E. Armstrong

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ATTORNEYS FOR KIAWAH ISLAND NATURAL HABITAT CONSERANCY, INC.

ROSEN HAGOOD, LLC

s/H. Brewton Hagood

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ATTORNEYS FOR KIAWAH ISLAND COMMUNITY ASSOCIATION, INC.

May 10, 2024 Charleston, South Carolina

Exhibit A

KIAWAH ISLAND

COMMUNITY

ASSOCIATION

December 4, 2023

VIA US Mail and Email

Kiawah Development Partners, LLC Attn: Patrick Melton & Jordan Phillips 1 Kiawah Island Parkway Kiawah Island, SC 29455

Re: Amended and Restated Development Agreement Requirements, Section 16(f)

Dear Mr. Melton and Mr. Phillips:

This letter is being sent to you in your capacity as representatives of Kiawah Development Partners, LLC and is sent on behalf of the Kiawah Island Community Association (KICA) Board of Directors. The purpose of this letter is to provide notice to the Property Owner, as defined in the Amended and Restated Development Agreement (ARDA), of certain obligations under Section 16(f) of the ARDA. This Section contains obligations and rights of the Property Owner with respect to the property known as Captain Sam's Spit or Parcel 12B. The property is further identified and incorporated as Exhibit 16.2 of the ARDA.

We direct your attention to the second and third to last paragraphs of Section 16(f) that provide the following obligations of the Property Owner:

On or before the Termination Date of this Agreement, Property Owner shall convey to KICA (for nominal consideration by quitclaim deed) such areas of highland depicted in light green and cream on Exhibit 16.2 as are then seaward (as to land on the ocean side of Parcel 12B) of the crest of the primary oceanfront dune, less only such areas/lots as may have been encumbered by easements or conveyed to third parties (e.g., lot owners, KICA, etc. pursuant to the authorizations hereinabove noted).

Prior to the Termination Date, Property Owner also agrees to restrict all remaining highlands not devoted to the uses or purposes authorized herein, to non-developable, passive green space by restrictive covenant recorded in the Charleston County RMC office. Property Owner shall grant an easement to KINHC (provided KINHC accepts) for any acreage not subject to Development, including such acreage as is to be conveyed, ultimately, to KICA.

As you are aware, the termination date of the ARDA is December 4, 2023. To date, KICA has not been provided any information concerning the Property Owner's intent to comply with the above-referenced requirements of Section 16(f). Notably, the ARDA does not provide any prerequisite or other limitation that Captain Sams's Spit must first be developed for the Property Owner to fulfill its requirements. It is KICA's expectation that the obligations of Section 16(f) of the ARDA will be performed by the Property Owner on or before the Termination Date. We ask that the Property Owner detail its position as to these respective obligations, both of which act to the benefit of KICA.

Sincerely,

KICA Board of Directors

cc: Amanda Mole, KP Chief of Architecture & Design and KICA Development Director Stephanie Tillerson, Town of Kiawah Island Administrator John Taylor, Town of Kiawah Island Planning Manager

Exhibit B



December 14, 2023

KICA Board of Directors Kiawah Island Community Association 23 Beachwalker Dr. Kiawah Island, SC 29455

Re: ARDA - Captain Sams

Dear KICA Board Members:

I am writing to respond to the unsigned letter from the KICA Board of Directors to Kiawah Development Partners, LLC dated December 4, 2023. The letter states it is to "provide notice to the Property Owner, as defined in the Amended and Restated Development Agreement (ARDA), of certain obligations under Section 16(f) of the ARDA." In particular, the letter refers to two excerpts from Section 16(f) and states that the Property Owner has not provided notice of its intent to comply with the quoted provisions of Section 16(f). The letter requests that the Property Owner respond with the details of its position with respect to the "obligations" that are asserted to be "for the benefit of KICA."

Let me start by saying that we have been diligent in making sure the Kiawah Partners' entities that were party to the ARDA fulfilled their conveyance obligations under the ARDA. In particular, KRA, LP recently conveyed to KICA all marshes and lowlands contiguous to Kiawah Island including those lands below mean high water and isolated lands above mean high water identified on Exhibit 16.1 of the Development Agreement, which are not specifically excepted in Section 16(a) and/or are identified as Parcels in Exhibit 4.1. That transfer completed the conveyance obligations of the Property Owner.

Turning to Captain Sams, KRA, LP and KDP II, LLC do not agree with KICA's apparent interpretation of Section 16(f). KRA, LP gave up the right to develop a 325-room hotel immediately east of Beachwalker Park in return for the defined development rights on Captain Sams. Similarly, KRA, LP's willingness to agree to the conveyance of the land seaward of the crest of the primary oceanfront dune to KICA *after* development was in return for receiving the benefit of the development described in the section. Despite its persistent efforts to realize that development, KDP, II, LLP was prevented from doing so. When all the terms of this section are considered together, along with the attached exhibit, the conclusion is inescapable that the entire provision contemplated that the development was to occur before the limited transfer to KICA, yet that development was made impossible by the courts.

We also must disagree with the assertion in the letter that Section 16(f) was intended for the benefit of KICA. It was intended for the benefit of the Property Owner. Section 30, titled "Third Parties," states: "Notwithstanding any provision herein to the contrary, this Agreement shall not be binding and shall have no force or effect as to persons or entities who are not Parties or Successors and Assigns to this Agreement."

We trust that we have sufficiently stated Kiawah Partners' position as requested by you.

Jordan Phillips Partner

Exhibit C



Ross A. Appel Phone: (843) 937-9798 Fax: (843) 937-0706 Ross@mklawsc.com

January 8, 2024

VIA E-MAIL ONLY

G. Trenholm Walker, Esq. Walker Gressette Linton, LLC 66 Hasell Street Charleston, SC 29401 walker@wglfirm.com

Re: Captain Sam's Spit

Demand for Specific Performance

Dear Trenholm:

I hope this finds you well. My firm represents the Town of Kiawah Island (the "Town"). Reference is made to that certain Amended and Restated Development Agreement by and between the Town and Kiawah Resort Associates, L.P. ("KRA") dated December 5, 2013 (the "ARDA").

This letter confirms the Town's position regarding KDP II, LLC's ("KDP") conveyance and deed restriction obligations under the ARDA concerning real property commonly known as Captain Sam's Spit (the "Property"). The Property is further defined in the ARDA as Parcel 12B and visually depicted at Exhibit 16.2. KDP is the Property's owner of record and one of many affiliated entities included under the definition of "Property Owner" in the ARDA. It is my understanding that you represent both KRA and KDP.

Paragraph 13(B)(4)(b) of the ARDA states that the "Property Owner shall dedicate conservation open space as provided in Paragraph 16 of this Agreement." Paragraph 13(B)(4)(c) specifically identifies the Property as one of many "active or passive park sites and open space which have been and/or shall be dedicated to KICA in accordance with Paragraphs 15 and 16 of this Agreement."

Paragraph 16(f) reads, in relevant part and with respect to the Property, as follows:

On or before the Termination Date of this Agreement, <u>Property Owner shall convey to KICA</u> (for nominal consideration by quitclaim deed) <u>such areas of highland depicted in light green and cream on Exhibit 16.2 as are then seaward</u> (as to land on the ocean side of Parcel 12B) of the crest of the primary

<u>oceanfront dune</u>, less only such areas/lots as may have been encumbered by easements or conveyed to third parties (e.g., lot owners, KICA, etc. pursuant to the authorizations hereinabove noted).

Prior to the Termination Date, <u>Property Owner also agrees to restrict all remaining highlands not devoted to the uses or purposes authorized herein, to non-developable, passive green space by restrictive covenant recorded in the Charleston County RMC office. Property Owner shall grant an easement to KINHC (provided KINHC accepts) for any acreage not subject to Development, including such acreage as is to be conveyed, ultimately, to KICA.</u>

(Emphasis added). Paragraph 31 states that "[e]xcept as provided in Sec. 16(d) herein, all conveyances shall be tendered by the Property Owner so as to close during the duration of this Agreement." Finally, Paragraph 34(j) confirms as follows:

Property Owner is obligated to provide to the Town and KICA the following **enumerated extraordinary and significant benefits** even if the Property Owner cancels, rescinds, repudiates, revokes, or in any manner terminates or attempts to terminate this Agreement:

(i) <u>Dedication of the conservation open space at Captain Sam's Spit as set forth in Section 16 of this Agreement.</u>

(Emphasis added).

The ARDA expired on December 4, 2023 (the "Termination Date"). Despite the passing of the Termination Date, KDP has yet to convey and deed restrict the Property as required by Paragraph 16(f). These obligations are mandatory and unconditional, as the above quoted language utilizes the word "shall" and is expressed in non-contingent terms.

The Town has reviewed KICA's letter on this issue dated December 4, 2023 as well as KDP's response letter dated December 14, 2023. The Town disagrees with KDP's position concerning its Paragraph 16(f) obligations. The Town views KDP's failure to perform as required by Paragraph 16(f) as a material breach of the ARDA.

KDP's position appears to be that its obligations under Paragraph 16(f) are somehow contingent on the "development" of the Property. However, a plain reading of Paragraph 16(f) and the ARDA reveals no such contingency. "The cardinal rule of contract interpretation is to ascertain and give legal effect to the parties' intentions as determined by the contract language." *Auto Owners Ins. Co. v. Benjamin*, 415 S.C. 137, 143, 781 S.E.2d 137, 141 (Ct. App. 2015) (quoting *Whitlock v. Stewart Title Guar. Co.*, 399 S.C. 610, 614, 732 S.E.2d 626, 628 (2012)). "Courts must enforce, not write, contracts ... and their language must be given its plain, ordinary and popular meaning." *Id.* (quoting *Whitlock*, 399 S.C. at 614, 732 S.E.2d at 628). "Where the contract's language is clear and unambiguous, the language alone determines the contract's force and effect." *Id.* (quoting *Whitlock*, 399 S.C. at 615, 732 S.E.2d at 628). Had the intent of the Town and KDP been to so condition these transfers on the development of the Property, it would have

January 8, 2024 Page 3 of 4

expressly stated as such in the text of the ARDA. This did not occur. The bottom line is that the ARDA does not condition KDP's conveyance and deed restriction obligations on any "development" of the Property.

For many decades, the Town and KRA have operated under the premise that the Property was to be conveyed and restricted upon the Termination Date, excepting certain limited development that may or may not occur. Some historical context is in order. Under the Development Agreement by and between the Town and KRA dated September 26, 1994 (the "Original Development Agreement"), the Property owner committed to conveying the entirety of the Property to KICA. The Original Development Agreement provided no development rights whatsoever with respect to the Property. Paragraph 16(g) therein reads as follows:

Captain Sam's Spit. The Property Owner commits to the permanent reservation of the tract of land known as Captain Sam's Spit, shown in Exhibit 16.2 as active and/or passive open space, nature study, or parks. Property Owner agrees to convey Captain Sam's Spit to KICA, by quit claim deed by January 1, 2008; provided, however, that Property Owner may convey the eastern half of the spit to Charleston County Park & Recreation Commission prior to January 1, 2008.

(Emphasis added). The Development Agreement by and between the Town and KRA dated October 12, 2005 (the "Development Agreement"), in Paragraph 16(f), opens the door to limited residential development of the Property restricted to "no more than 20 acres," but retains KRA's unconditional obligation to convey and deed restrict the Property prior to the Termination Date. Substantially identical language was carried over in Paragraph 16(f) of the ARDA.

This history reflects the parties' recognition that the Property holds unique environmental and other public values. That is why the Original Development Agreement required the Property to be conveyed to KICA outright. The Development Agreement and ARDA opened the door to limited residential development, which never materialized, but never strayed away from KDP's ultimate obligation to convey the Property's lowlands and "all remaining highlands not devoted to the uses or purposes authorized herein." The Property owner had from October 12, 2005 to December 4, 2023 to develop the Property as contemplated by Paragraph 16(f), but that did not occur. As such, the clear intention of the parties is for the entirety of the Property to be conveyed and deed restricted as set forth in Paragraph 16(f).

In recognition of the importance of KDP's property conveyance obligations and to ward off disputes, such as the instant one, the Town insisted on the inclusion of Paragraph 31 which provides as follows:

The Property Owner hereby freely consents to such conveyances and waives any challenge it may otherwise have to the validity of said conveyances (as exactions or otherwise). Property Owner further agrees to waive any challenges to Town ordinances (regardless of when enacted) passed so as to limit Property Owner's use of Real Property to be conveyed to KICA (or some 501(c)(3) organization) in order to protect and preserve the purposes of the conveyances.

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Given the foregoing and pursuant to Paragraph 28, the Town demands specific performance of the KDP's Paragraph 16(f) obligations. There can be no question that the Town has standing to enforce these terms of the ARDA. In fact, the Town has a duty to do so for its citizens. KDP waived any and all rights to challenge the validity of its conveyance obligations under Paragraph 31. Until and unless these issues are resolved, pursuant to Paragraph 33(b)(iii) the Town objects to any conveyance of any portion of the Property to any third-party other than KICA including, but not limited to, governmental entities without the Town's consent.

The Town would appreciate a written response to this letter, confirming KDP's position regarding the matters set forth herein, no later than January 15, 2024. The Town reserves all rights. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

McCULLOUGH KHAN APPEL

Ross A. Appel

Exhibit D

A SUBDIVISION PLAT OF OCEAN FRONT HIGHLAND
PARCEL 12B, TMS#207-05-00-0011
KDP II LLC
LOCATED IN THE TOWN OF KIRWAH ISLAND
CHARLESTON COUNTY, SOUTH CAROLINA SOUTHE ASSESSED STATES OF SURVEYORS CERTIFICATION.
I HERBY STATE TO THE REST OF W KNOWIDE, INFORMANCE WITH THE LEGISLATION OF THE REST OF THE WORK WAS STATE OF THE WORK OF THE N: 274699.0108 E: 2267243.4270 NITENT OF THIS SUBDINISTOR.
THE PURPOSE OF THIS CONVEYANCE PLAT IS TO CONVEY THE OCEAN PRONT HIGHLAND PORTION OF PARCEL 128 UNTO THE KIAWAH ISLAND COMMUNITY ASSOCIATION OKLY. ALOCATED: (NAY 201) KIAWAH RIVER CREST OF THE PRIMARY OCEAN FRONT DUNE (LOCATED FEB-2024) APPROVED FINAL PLAT OCEAN FRONT HIGHLAND AREA TO BE CONVEYED UNTO KICA (KIAWAH ISLAND COMMUNITY ASSOCIATION) TOTAL AREA TO BE CONVEYED: 2,369,050 SQ. FT. 54,386 ACRES A with an angle of the control of the full is for a full in a full is full is full in a full in a full is full in a full SECURATIONS TAXABLE TO REQUIRE TO REQUIRE THE CRALIMPOOR STANDARD TAXABLE TOWN OF RAWAY CLASS TO REALIZE THE TOWN OF RAWAY CLASS TO REALIZE THE TOWN OF RAWAY CLASS TO THE WANDSONG THE OF THE PARKED ANY OF THE PARKED THE WANDS THE TAXABLE THE TAXA ANY FRESHWATER WETLAND BOUNDARES OR DHEC-LOSM CRITICAL LINE SHO ON THIS SURVEY SHOLLD NOT BE CONSIDERD. AS A FINAL DEFINED LINE UNLESS THE APPROPRIATE ALTHROPTY HAS CENTRED THEM ON THIS PLAT. ELEVATIONS ARE BASED ON NAVO 88 OWNER OF RECORD.

KDP II LLC

KDR II LLC

KDR III LC

KDR III KINAWI ISLAND PKY

KINAWAH ISLAND SC 29456-5725

OWNER REFERENCES.

TNS# 207-05-0011 PARCEL 128 PLAT BOOK L20, PAGE 0023 PLAT BOOK H4, PAGE 073 PLAT BOOK EK, PAGE 031-034

Exhibit E

KDP II LLC COCATED IN THE TOWN OF KIRWAH ISLAND CHARLESTON COUNTY, SOUTH CAROLINA

A SUBDIVISION PLAT OF RESIDUAL AND MARSH AREA PARCEL 12B, TMS#207-05-00-0011 KDP II LLC





PLANNING AND ROD USE ONLY

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Exhibit F

A SUBDIVISION PLAT OF PARCEL 12A
TMS#207-05-00-0011 AND 001
KDP II LLC
LOCATED IN THE TOWN OF KIAWAH ISLAND
CHARLESTON COUNTY, SOUTH CAROLINA
CHARLESTON COUNTY, SOUTH CAROLINA SOUTHE ASSESSED STATES OF SURVEYORS CERTIFICATION:
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the first information of the control of the SIGNATURE

The critical line shown on this plat is voild for the years from the date of this signature, subject to the coutonary language above. ACHWALKER DRIVE SOUTHERN PINES LANE (50' RIGHT-OF-WAY) 1MSP 207-05-00-124 Pb. L20 Pg-0023 CAPE POINT
(50' RIGHT-OF-WAY)
TMS# 207-05-00-124
Pb. L20 Pg.0023 LOCATED FEB-2024) DHEC/OCRM CRITICAL LINE (LOCATED FEB-2024) MEAN HIGH WATER LOCATED FEB-2024) PARCEL 12A TMS# 207-05-00-0011 Pb. EK, Pg. 031-034 DHEC-OCHN SETBACK 2016 DHET-OCHU BASELINE 2012 TOTAL AREA 465,417 SQ. FT. 10.684 ACRES SIGNAL STREAM:

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STANDARD AND WAY THE TOWN CONTRICT CONTRICT OF CONTRICT OF THE PART IS FOR THE CONTRICT OF C DHEC/OCRM CRITICAL LINE (LOCATED FEB-2024) CHAIR OF THE TOWN OF KLAWAH ISLAN APPROVED FINAL PLAT OWNER REFERENCES. TAS# 207-05-00-0011 PARCEL 12B # 207-05-00-0 VICINITY MAP (NOT TO SCALE)