



TITLE:

Four Proposed Covenant Amendments

RECOMMENDATIONS FROM THE:

Governance Task Force

CHAIR:

Paul Hennessy

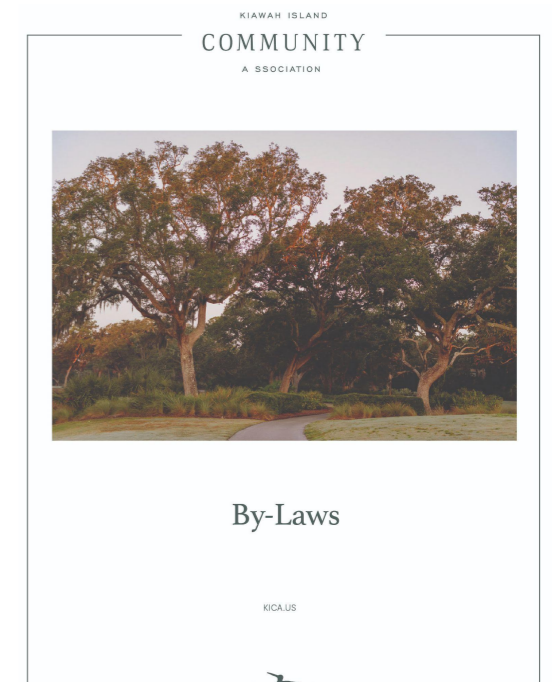
JULY 8, 2024 | BOARD OF DIRECTORS MEETING



Governance Task Force

The Governance Task Force was established by the Board of Directors in 2022 to review, clarify and update KICA's governing documents.

KICA's Covenants have been rarely updated since their creation in 1976.





The Current Focus

Any change to
KICA Covenants
requires a vote of
the membership.

60% of available votes must be cast
for a valid vote of the membership.
75% of participants must vote in
favor for an amendment to pass.
Quorum will not be easy to achieve.

ADDRESSING PERTINENT CHANGES

Although a comprehensive
update to the covenants
would be ideal, the task force
recognized that extensive
changes to KICA's covenants
would be too complex to
communicate and execute at
one time. The task force
narrowed the focus to four
pertinent amendments.



Community Input

This spring, the Governance Task Force sought member feedback to refine the covenant amendments.

MARCH

Four covenant amendments were announced at the KICA Annual Meeting on March 21, 2024.

APRIL-MAY

A community forum was held on April 24 to discuss the amendments.

Feedback was collected through an online survey. The task force published an overview of feedback themes on May 9.

JUNE

Revised covenant amendments and FAQs were shared with the community on June 28.



Four Amendments

1. Eliminate the Developer-Appointed KICA Board Seat and the Type E Membership
2. Expand KICA's Authority to Operate Architectural Review Functions
3. Clarify KICA's Authority to Establish and Enforce Rules
4. Update Terminology and Clarify Notice Provision

AMENDMENT #1

**Eliminate the
Developer-Appointed
KICA Board Seat and
the Type E Membership**





Eliminate the Developer-Appointed KICA Board Seat and the Type E Membership

BACKGROUND & OVERVIEW

The KICA Board of Directors is currently made up of six community member directors typically serving three-year terms and one director appointed by the master developer, Kiawah Partners, with no term limit.

When the covenants were written in the late 1970s, the master developer (aka Type E Member) was the largest land-owning member in the association, warranting their board seat. Now that the developer has sold most of their property, owning approximately two percent of Kiawah's residential land, the special membership rights allotted to the Type E Member are no longer appropriate.



Eliminate the Developer-Appointed KICA Board Seat and the Type E Membership

THIS AMENDMENT'S IMPACT

If passed, the Type E Member will be removed from KICA's Covenants, eliminating the right of the developer to appoint a seat on the KICA Board. The developer seat will convert to an elected community member seat and all KICA board members will be elected by the community.

AMENDMENT #2

**Expand KICA's
Authority to Operate
Architectural Review
Functions**





Expand KICA's Authority to Operate Architectural Review Functions

BACKGROUND & OVERVIEW

The original covenants allow KICA to have architectural control of Kiawah's common properties, but not all member properties. In late 2023, the developer announced the intention to transition architectural control to the community association. Since responsibilities will be transitioned to KICA, it is crucial to empower the association to execute the architectural control being transitioned.

The KICA/TOKI ARB Work Group is working collaboratively with Kiawah Partners to determine the specific details of how the transition will occur and the operational structure, but the covenant authority is the critical foundation.



Expand KICA's Authority to Operate Architectural Review Functions

THIS AMENDMENT'S IMPACT

If passed, this amendment will broaden KICA's authority to execute the island's architectural control functions and allow the adoption of these functions in phases, based on comprehensive transition plans from the KICA/TOKI ARB Work Group.

AMENDMENT #3

**Clarify KICA's
Authority to Establish
and Enforce Rules**





Clarify KICA's Authority to Establish and Enforce Rules

BACKGROUND & OVERVIEW

The original covenants mention little about KICA's responsibility to oversee and enforce island rules. This amendment asserts the association's essential function to establish and enforce community rules, through the Rules and Regulations document.



Clarify KICA's Authority to Establish and Enforce Rules

THIS AMENDMENT'S IMPACT

If approved, this amendment carefully protects members' quality of life by asserting the authority of the board to modify or establish community rules and enforcement procedures. The KICA board contemplates a significant review of the existing Rules and Regulations document in the next phase of their governance efforts.

AMENDMENT #4

**Update
Terminology and
Clarify Notice
Provision**





Update Terminology and Clarify Notice Provision

BACKGROUND & OVERVIEW

Existing nomenclature is out of date (e.g. Town of Kiawah Island) and the notice provisions require updating and clarification. This amendment also stipulates that if any conflict exists between the KICA Covenants and relevant South Carolina law, the SC law will control.

These changes do not directly impact core governance.



Update Terminology and Clarify Notice Provision

THIS AMENDMENT'S IMPACT

If this amendment passes, these administrative updates to the covenants will provide more clarity and accuracy.



Legal Review Complete

The four amendments have been developed with input from KICA's legal counsel. The board found the legal opinions to be satisfactory.



Board Action Request

Today, the Governance Task Force is seeking a vote of the board to recommend these four KICA Covenant amendments for a membership vote in late summer 2024.

IF APPROVED BY THE BOARD:

Next Steps



IF APPROVED BY THE BOARD: NEXT STEP



Covenant Amendments Vote of the Membership



MEMBER VOTE

approximately

Sept. 5, 2024 through
Oct. 9, 2024

QUORUM

60% of available votes must be cast for a valid vote of the membership. 75% must vote in favor for an amendment to pass. Quorum will not be easy to achieve.

IF APPROVED BY THE BOARD: NEXT STEP



Covenant Amendments Vote of the Membership

We encourage ALL MEMBER HOUSEHOLDS to commit to voting later this summer.

You will have the option to vote in favor, against or abstain from each separate amendment. (If you choose not to participate, you would be indicating you do not agree with the covenant amendments - and would also not contribute to the quorum requirement. If quorum is not met, the association would conduct the vote again, at the cost of the membership.)