

Board of Directors Meeting Minutes

December 9, 2024 at 3 p.m.

Beachwalker Center and Virtual

<https://www.youtube.com/watch?v=sztXRZjmOmA>

Directors Present:

Kevin Donlon (chair), Dwight Williams (vice-chair), Lisa Mascolo (treasurer), Paul Hennessy (secretary), Cherie Gallagher, David DeStefano, Amanada Mole (developer director)

Staff Present:

Shannon White (COO), Dale Schoon (director of Finance),

Members Present:

12 members in person; 18 members online

1. Call to Order:

Chair Kevin Donlon called the meeting of the Kiawah Island Community Association Board of Directors to order at 3 pm.

2. Member Comments on Agenda Topics:

Member Brad McIlvain: Commented on poor sound quality. Commented on Policy to release Legal documents. Primary fiduciary duty of the BOD is that decisions to disclose or not disclose should always be in the best interests of the Association – disagrees with the policy and feels it's misguided.

Member Maura McIlvain: Commented on A/V issues. Commented on the 15th Amendment – doesn't feel it's the right language and doesn't solve the issue with a current Board



member. Also raises a concern as to an owner designating a natural person to serve who could not have the best interest of Kiawah in mind.

Paul H. stated that even a current owner could not have the best interest of Kiawah in mind, however, that is a privilege that belongs to an owner. The membership is actually savvy enough to make the right choice. It is very difficult to even try to define the attributes of a good community member.

Member Phil Mancusi-Ungaro: Agrees with Brad and Maura's comments on the Legal Policy. Commented on A/V quality as well.

Member Todd Boney: Comments on forecasted Cash position at year end and comfort level of having \$600K. Commented on cash and how we're burning it down and how that would impact an assessment % increase. Concerns about liquidity, max assessment rate and potential impact to amenities.

Lisa M. said the FC has discussed and is comfortable and is planning to look at this issue going forward i.e.: how much undesignated cash do we want to have and how much to move to MR&R. Very comfortable that the accounting behind the numbers are accurate, they've been audited and as a community we need to figure out what we want to do with it.

Member Peter Marks: Concerns about Budget process and lack of process to incorporate members input, suggestions and comments. Are any of the suggestions made by the Ocean Park community being included in the Budget 2025?

Kevin commented that the suggestions are good ones, they are not being taken lightly but will not be pushed through quickly without further review and discussion by the Finance Committee. The FC has great talented volunteers that will look at the suggestion. Rather than address it over the weekend, we will take it through the proper process. Lisa commented that the budget timeframe is too compressed and the FC does need to look at how to make the process better.

Member Gaye Stathis: Expressed thanks to Cherie G. and the Amenities Committee and a vote of confidence on the Kayak Storage ideas. Amenities are important and all members contribute equally.

Member Carol Medendorp: Where does revenue from Kayak storage go?

Shannon stated it's an Amenity Fee under the Sandcastle revenue.



Kevin clarified that the Kayak storage has not been fully approved, it was approved to send the design to the ARB, but it's still in preliminary planning phase. Kevin will talk about this more in the Budget discussion.

3. Administrative

a. Announcement of Votes in Executive Session

At the Executive Session earlier today:

- Approved November 18, 2024 Exec. Session Minutes
- There were no other votes taken at today's Executive Session

b. Announcement of Electronic Votes – All Votes were unanimous

- 10-13-2024 – Gulfstream contract over \$500K for Flood Mgmt. Project 6
- 11-25-24 – Employee Benefit Renewal

c. Approval of Minutes

- i. Kevin asked for a motion to approve the November 18, 2024 minutes. So moved by Lisa M., seconded by David D.

Paul H. clarified his comments in the minutes on the 2025 Budget - Depreciation Fund. We do need a proper analysis on it, what's the business purpose and how much should be in the fund. Strong believer in all our reserve funds, not as sure about depreciation. Should be a near term priority.

Vote Passed: (7) In favor

K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher, D. DeStefano

4. Reports

a. COO Report – Shannon White

Thanks to the Sandcastle team and POPs leadership in hosting a beautiful & fun tree lighting last Thursday evening. This is our 2nd year of working jointly with POPs and we look forward to our 2025 events together. Thank you to Joan Collar & our Garden Club volunteers for their holiday décor around the Island.

On the project front:



- Actively working on the relocation of the V-gate leisure trail, prior to year end. The actual trail relocation will occur between December 17-19.
- Flood project 6 is actively underway.
 - Gulfstream is working on Governors Drive at Pond 61, installing a new drainage line. The water line conflict was resolved for an approx. \$18K increase in the contract. This work should be completed prior to Christmas.
 - First thing in the new year, Gulfstream will be moving to install the new drainage line down Yellowthroat Lane, to connect through Osprey Point Golf Course to the Pintail drainage basin.
- We have recently closed the Cinder Creek pier which is coming to the end of its useful life. During a structural inspection this Fall, on a scale of 1-6, the pier has fallen to a 2-3 rating (poor/serious). The most significant issue is marine borer infestation of the piles and cross bracing causing significant structural integrity issues. We have applied for both state & federal permits to undertake the rebuild of this structure. It should be noted that the kayak launch dock is still open for member use and was rated 4-5 (Satisfactory/Fair).

Jody Forrest, our new Dir of Operations has created a KICA Operational Awareness Chart which will be used to update the board and the membership on projects being worked on.

Finally, please use caution on Thursday to Saturday for the Kiawah Island Marathon. On Thursday & Friday, runners will be picking up their race packets at WB Conference Center. Saturday is the race; and this event is sold out with approx. 5100 participants. Numerous roads will be impacted, including:

- Shipwatch Drive
- Kiawah Beach Drive
- Greensward Road
- KI Parkway
- Governors Drive
- Ocean Course Drive

For times of impact, members can go to the Resort's marathon page.

A/V Update: We're using the Contractor that did the Town set up. Using a Zoom for business product. The Room will be re-oriented to have the Board facing the long way with 2 TV displays and cameras at either end of the room. Microphones will be in the ceiling and extension mics at either end of the Board panel. Speakers will be suspended



from the rafters in the ceiling. Once the budget is passed, 8 – 12 weeks order timeframe for materials and several days for the install.

Paul H. asked about Cinder Creek and if there's a possibility of re-using existing materials or does it all need to be replaced? Shannon indicated that the erosion and damage is on all parts of the infrastructure so all need to be replaced.

b. Finance Report

Lisa M. stated there's nothing to report, we'll be discussing it under New Business – 2025 Budget.

c. ARB Workgroup

Kevin provided an update. The Phase III report is done and was published on the KICA website on December 3. There will be a Community Workshop on December 16 at 2 pm to receive feedback and comments. Hoping for KICA Board endorsement in January and then turn over the recommendation to Kiawah Partners to begin those discussions. Lisa M. added that the 2025 Budget has a \$200K provision for transition staff.

d. 2025 Election Update

Cherie provided an update. The election begins on January 13. Notice will be sent December 14 – both electronically and via US Mail for those without email address on file. We have 3 qualified candidates for 2 seats: Phil Walpole, Tim Hazel and Bran Petranovic. Live Candidate forum on January 3 at 1 pm. They also have an opportunity for individual Zoom sessions with the Community. Cherie also said that the ballot includes the 5 Amendments to vote on as well. We need a higher quorum for that at 60%. Please make sure you vote either Yes, No or Abstain. Paul expressed his concerns about the small number of people who stepped up to run for the Board. Need to find ways to encourage more people to run. David D. also commented that with 2300 registered voters for Town elections, we only get about 700 to vote. It's important to vote on the Amendments.

5. Old Business

a. 2025 Budget Vote

Lisa M. made a motion to approve the 2025 Budget with an 8.8% Assessment Increase, seconded by Cherie G.



Discussion:

David D. said there are alternate scenarios. If we take Kayak storage out of the budget, assessment goes to 3%. If we go to 5%, that leaves \$250K for other amenities which the Board can then determine how to move forward. There are other ways to pay for a kayak facility.

Kevin D. said amenities are important. Leave \$400K for amenities and scratch the term “Kayak Storage”. With an Amenities line item of \$400k, this is a 6.4% assessment increase.

Lisa M. said the average assessment increase over time has been around 6.4%.

Paul H. supports amenities for all. Doesn't agree with Kayak storage – it is only an amenity for a small number of members and feels a fully costed analysis on this amenity is needed because of that. Board should move to not running a deficit.

Short discussion on doing a cash analysis, in particular our depreciation fund to identify how much cash cushion KICA needs.

David D. doesn't agree with \$400k in amenities, feels \$234K is more reasonable.

Kevin D. suggests we change the line item from Kayak Storage to Amenities and send it back to the Amenities committee to determine how to spend that money appropriately.

Cherie G. commented that amenities are important and is something that the Membership has clearly stated is important. It's unfortunate the \$600K for Kayak storage has become the scapegoat of this budget. She agrees with the FC recommendation of 8.8% - each percentage point represents \$30 a year. It's important that we put that money aside for such an important item that contributes to our property values.

Kevin D. suggests we split this into two votes – one to change the line item from Kayak storage to amenities and the second to determine how much to put in there.

Kevin D. made a motion that we rename the Kayak line item to Amenities improvements, seconded by Lisa M.

David clarified that we're going to start at 3%.

Vote Passed: (7) In favor

K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher, D. DeStefano

Lisa M. said we have an operating deficit of \$348K. Do we want this to be zero?



Dale clarified that reducing the assessment increase to 5% and reducing revenues, doesn't change anything. Discussion on different scenarios:

- Eliminate \$681 Kayak Storage – with a 3% assessment increase.
- Retain \$250K for Amenities – with a 5% assessment increase.
- Retain \$400K in Amenities – with a 6.4% assessment increase.

Dale shared that the strategy of the FC and the Board is that we can move to balance budget scenario. We've been burning down cash over the past few years, but we budget on the scenario you're in now which will not be balanced for this year, but continue to move to that.

Kevin stated that we're at the point of deciding how much assessment increase and how much to retain in the Amenities improvement line. David feels \$400K is an arbitrary number without any specific projects to spend it on. He commented on the 5% and the fiduciary responsibility of that.

Paul H. made a motion that we approve the Budget as presented and reduce the \$681K specific Budget line item to \$400K and adjust the assessment increase to 6.4%.

Seconded by Amanda M.

Dale clarified that we're approving the Budget recommended by the FC, reducing the general assessment and related assessments (ex: reserve assessment).

Vote Passed: (6) In favor

K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher

(1) Against – D. DeStefano

b. Covenant Amendments – Minor Modifications

Paul said there have been no significant changes to the Amendments since approved by the Board, but highlighted one change to the language in Amendment #15. Item iii - Natural person designated by an owner, was changed from Member. This reflects the fact that an LLC, Trust, etc. is an entity, not a natural person, making that designation as an Owner.

6. New Business

a. Policy – Board Resolution



Kevin D. recommends changing the title of the Resolution to say the BOD is establishing a Policy regarding the release of “legal correspondence”. Previously said it was release of “privileged documents”, which he feels has been blown out of context based on what this is. We’ve been pushed to release a lot of legal documentation and we came to realize we never had a policy for this. There were 4 options: 1) Do nothing, 2) make a policy to release everything which our attorneys do not recommend, 3) allow Staff to decide what to release which puts them in a horrible position, and 4) allow the majority of the Board to decide what to release to the Community. We do have a fiduciary responsible to release information when necessary, but we can’t have no policy or let Staff decide. This is a common sense resolution that has been demonized unnecessarily. Change the title to release of legal files.

David D. commented on the type of info that can be released, for ex: the 14 yr old opinion on the 5% assessment cap. Litigation documents are always privileged but feels the Board has the authority to release some information that doesn’t hurt the community.

Cherie G. commented that paragraph 7 says the Board can release a public letter written by our legal counsel, regarding a legal decision to keep the community informed.

Paul H. added that we did get advice from counsel when drafting this policy.

Kevin D. said motion is to change the title to say “A resolution of the Board of Directors establishing a policy regarding the release of legal files.” So moved by Paul H., seconded by Lisa M.

Vote Passed: (7) In favor

K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher, D. DeStefano

b. MOU – KICA and Kiawah Cares

KICA has been providing support to Kiawah Cares for years. This MOU defines documentation and transparency since nothing has been written down. This puts on record exactly what we’re doing and what services we’re offering and they indemnify us for any damages. Kevin asked for motion to approve. So moved by Lisa M, seconded by Paul H.

Cherie G. asked if KICA gives money to Kiawah Cares. Shannon said we do not.

Vote Passed: (7) In favor



K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher, D. DeStefano

c. Paving Contract – added to Board Agenda

Shannon said we'd like to get the contract for 2025 road resurfacing started. Per the Financial Controls Manual, the Board needs to approve any contract over \$500K. We'll be using same contract as used for 2024 project which was previously distributed to you. So moved by Paul H., seconded by Lisa M.

Vote Passed: (7) In favor

K. Donlon, D. Williams, L. Mascolo, P. Hennessy, A. Mole,
C. Gallagher, D. DeStefano

7. Board Member Comments

Paul commented on videos recorded by some of the Board members on the Amendments and educating our members on the process. Thanks to the Board members who participated.

8. Member Comments – Any KICA Topic

Member Carol Medendorp: commented on getting the Regime Council involved in tracking votes in the different regimes to be able to put focus on those that haven't voted.

Shannon said we're working with VoteNow to make that reporting available.

Member Lisa Snowden: Compliments to the Board on how they handled the Budget discussion.

Member Peter Marks: Expressed thanks to Kevin and the Board on navigating through a difficult discussion. Feels Dale needs to provide a risk and opportunity overview in terms of the budget still running a deficit. Need to look at risks and opportunities in more detail.

Lisa and Dale stated that we do this. Paul H. commented that under Dale's management, we've made significant and meaningful progress.

9. Adjourn

Kevin D. asked for a motion to adjourn. So moved by Lisa M., seconded by Paul H. Meeting was adjourned at 4:46 pm.



Respectfully submitted,

Ellen Festa

