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KIAWAH ISLAND COMMUNITY, INC.

2005 ANNUAL MEETING

MARCH 20, 2005

2:00 PM

EAST BEACH CONFERENCE CENTER

KIAWAH ISLAND, SOUTH CAROLINA

Reported by: ANGELA VANOY
COURT REPORTER
CLARK AND ASSOCIATES, INC.
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APPEARANCES

Fred Peterson, Outgoing President
Faith Dodge, Vice-President (incoming President)
Pat McKinney, Outgoing Developer Director
Dwight Freeburg, Treasurer
Avril Fenwick, Secretary - Sandcastle report
Buddy Darby, Developer Director
Russ Warren, Board Candidate
John Wilson, Board Candidate
Prem Devadas, Resort Managing Director
Michael Putich, Auditor
Trenholm Walker, Parliamentarian
Wendy Kulick, 38 Marsh Edge Lane, Member Comments
David Wilt, 4569 Park Lake Drive, Member Comments

1 MR. PETERSON: Good afternoon, ladies and
2 gentleman. Welcome to the 29th annual meeting of the
3 Kiawah Island Community Association Membership. My
4 name is Fred Peterson, and I am president of the
5 Association. I will now officially call this meeting to
6 order and introduce the Board of Directors of your
7 Association. To my left, Director Dick Sula, KRA
8 Director Buddy Darby, and Vice-President Faith Dodge.
9 To my right immediately, Secretary Avril Fenwick, KRA
10 Director Pat McKinney, and our Treasurer Dwight
11 Freeburg.

12 I would like to thank Prem Devadas and
13 Kiawah Island Golf Resort for donating the use of
14 this conference facility again this year. As most of
15 you may know, Prem is making a career change to
16 return to the Washington, DC area. Prem has been
17 a steadfast friend to the Community Association. We
18 will miss him, and we wish him all the best in his
19 new endeavor.

20 Is Prem here today? Okay. We have a gift
21 for him that we will give him Thursday evening at the
22 Turtle Point Clubhouse. It's going to be a drop in
23 to honor Prem. All members are invited. It will be
24 from 7 to 9 p.m. It will be a good chance to speak
25 privately or publicly with Prem and give him our

1 thanks.

2 I would also like to thank Russ Warren,
3 Chair of the Community Services Committee, and his
4 entire committee for hosting Celebrate Kiawah
5 last night. The Sandcastle was packed. It was a
6 wonderful event. We had had about a 700 RSVP, 682
7 people signed in, and we know that we had a number
8 above that. So it was an excellent, excellent event.
9 This is the third year for Celebrate Kiawah, and it's
10 gratifying to see so many of our members enjoy it.

11 A special thanks to the Town of Kiawah
12 Island Arts Council for providing the Ann Caldwell/
13 Tommy Gill portion of the entertainment. Please
14 thank the Mayor, the Town Council, and the Arts
15 Council for all their efforts to provide live
16 entertainment on Kiawah. Thanks also to the members
17 of the Association staff who worked long hours to
18 ensure that Celebrate Kiawah was a success.

19 Please allow me to introduce our Auditor,
20 Mr. Michael Putich. Stage left. Thank you. Here's Michael.
21 He's with Robinson, Grant and Company. They're
22 located on Hilton Head Island. Mike has personally
23 worked with us for a number of years and today he
24 certifies the various quorum and the voting numbers
25 for us. Thanks, Mike, for being here.

1 I would also like to introduce our
2 Parliamentarian for today's meeting, KICA's legal
3 counsel, Trenholm Walker, from the firm of
4 Pratt-Thomas, Epting, and Walker. Okay.

5 Next on our agenda is acceptance of the
6 minutes from March 21, 2004's annual meeting. These
7 are the minutes that are taken verbatim by a court
8 reporter and bound in this book. Do I have a motion
9 to have these minutes approved as written?

10 SOMEBODY: So moved.

11 UNIDENTIFIED VOICE: Is there a second?

12 SOMEBODY: I second.

13 MR. PETERSON: All those in favor, say
14 aye.

15 UNIDENTIFIED VOICES: Aye.

16 MR. PETERSON: Opposed?

17 (No response.)

18 MR. PETERSON: Thank you. The minutes of
19 last year's minutes are duly approved. They're
20 available for review at the Administration Office in
21 accordance with the policy. There's Mr. Devadas.
22 Prem, thank you for coming today.

23 (Applause.)

24 We have a very, very small token of our
25 appreciation that I would like to give you if you

1 would be so kind as to come forward.

2 (Applause.)

3 MR. DEVADAS: Thank you all.

4 (Applause.)

5 MR. PETERSON: You missed my kind words,

6 Prem, but they were over the top, over the top. I'm sure you'd be

7 pleased.

8 As you know, we require a 51 percent

9 quorum to conduct the meeting and to hold our

10 election. The Auditor and our internal accountant

11 have prepared the numbers, and we have a 59.05

12 percent quorum. I'll read in the specific numbers as

13 required. There are base votes of 7,479

14 available, 290 votes were disqualified for various

15 reasons, leaving an available total of 7,189. We

16 have 4,245 votes represented, which gives us the

17 59.05 percent quorum, which is great so we can hold

18 our meeting and be legal. Thank you for doing the

19 voting and for sending in your proxies.

20 The next item on our agenda is the

21 election of Property Owner Directors. We will hear

22 from the nominators and second voters and then have

23 comments from the nominees. We have two candidates

24 for two open seats. Our first candidate is Russell

25 Warren who was nominated by John Henshaw.

1 John, would you come to the front
2 microphone in the center aisle to give your nominee
3 comments, please?

4 MR. HENSHAW: Thank you, Mr. Chairman. I
5 am pleased today to nominate Dr. Russell Warren for
6 the position of Property Owner Director. Dr. Warren
7 -- I've known Dr. Warren for 17 years, and I know he
8 will do an outstanding job in this opportunity. Dr.
9 Warren first bought property here in 1991 and has
10 been an inspiration to many others to come to this
11 wonderful island as well. Many of you were at the
12 event last night planned by the Community Services
13 Committee that Dr. Warren chaired. It was a
14 wonderful event.

15 What you may not know is that Dr. Warren
16 has also been a university president, a university
17 provost, and involved in higher education most of his
18 life. Dr. Warren is a fantastic leader, a very good
19 friend, and somebody who will listen to the folks
20 here at Kiawah Island and do a wonderful job as a
21 Property Owner Director. So I am very pleased this
22 afternoon to nominate Dr. Russell Warren to the
23 position of Property Owner Director. Thank you.

24 MR. PETERSON: Thank you, John, for your
25 remarks. Russell's nomination was seconded by Carol

1 Hatch. Carol?

2 MS. HATCH: Mr. Chairman, friends, I am
3 honored to second the nomination of Dr. Russell G.
4 Warren as a Property Owner Director on the Kiawah
5 board. Many of you already know Mr. Warren and had
6 the privilege of serving with him on the Community
7 Services Committee. For those of you who do not know
8 him, I can tell you sincerely that all the residents
9 and neighbors on Marsh Island Drive would applaud to
10 hear of his nomination. Subsequently, I think other
11 residents would agree with you.

12 It's heartwarming to know so many people
13 who not only choose to live on Kiawah, but also know
14 those who put down deep roots and become involved in
15 our city activities. And also their expertise, their
16 experience, and their service to aid and maintain the
17 true beauty and integrity of our chosen private
18 community. I thank you for considering Mr. Warren as
19 a nominee.

20 (Applause.)

21 MR. PETERSON: Thank you, Carol. The second nominee is John
22 Wilson. And John was nominated by Diane Lehder. Oh,
23 I'm sorry. Good point.

24 I jumped right over you, Russ. Why don't
25 you accept your nomination, and then we'll move on.

1

2 DR. WARREN: Knowing John as I do, I'd be
3 glad to nominate him as well. Thank you. Most of you would
4 recognize that after hearing those two sets of
5 comments, anyone in their right mind would say thank
6 you and sit down because it's not going to get any
7 better than what they said. I'm deeply appreciative
8 of them. There's another reason I probably shouldn't
9 say a whole lot.

10 I've only actually had one election my
11 whole life, except today's, and that was as senior
12 class president at the University of Richmond. I did
13 win that election. I won it by one vote. And my
14 only hope is that that person voted for himself
15 because I voted for myself. Otherwise it would have
16 gone the other way.

17 I am going to say something because I
18 think folks expect me too, but I will follow the --
19 follow the wonderful statement of Henry the VIII to
20 each of his various wives when he said, "I shan't keep
21 you long," if you remember that statement. My goal on serving on this board is to try
22 to return to Kiawah just a little bit of what it has
23 given to me and to those who I love over the past 15
24 years here. I honestly believe that nature has
25 blessed this spot as much as any spot in the world.

1 Because of that, all of us owe it a lot.

2 But as you can appreciate, nature can
3 always use just a little bit of help. And the
4 leadership provided by the various K's -- I shan't
5 list them all because I can't -- by the Town and by
6 the Developer has gone a far way I think in -- in
7 enhancing the island over the 30 or some years that
8 have existed under our tutelage. Obviously it
9 existed many, many thousands of years before that.

10 So mostly I run to say thank you to the
11 island and my appreciation for it. But I also run to
12 maintain and perhaps even enhance the community in
13 supporting the natural environment, the
14 infrastructure, the recreational activities, and the
15 continued harmony among the very diverse members of
16 Kiawah Island. When each of us leaves this island, I
17 think it's important that we be able to say that we
18 left it better than it was when we came.

19 As Chair of the Community Services
20 Committee, I have learned that we can do even more to
21 create an even stronger sense of community -- such as
22 that exhibited last night -- and so that would be my
23 principal focus, that is, attempting to have an even
24 stronger sense of community.

25 I thank all of you for considering the

1 warm nominations of my two friends, and I pledge one
2 thing to you, and that's above all to be a good
3 listener. For it is your collective wisdom, your
4 collective vision, rather than mine, that each board
5 member needs to look at before we make our decisions.
6 Thank you so much.

7 (Applause.)

8 MR. PETERSON: Thank you, Russ. Okay.
9 We'll move on now to John Wilson's nomination. His
10 nominator is Diane Lehder.

11 Diane, would you please come to the mike?

12 Thank you.

13 MS. LEHDER: Is this working now?

14 President Peterson -- let's try this again.

15 President Peterson, KICA Directors, honored guests,
16 friends and neighbors, I was honored when my good
17 friend, John Wilson, asked if I would speak on his
18 behalf today. John and his wife, Linda, were among
19 the very first people that welcomed my husband and I
20 to this island in 2003. And it didn't take us long
21 to discover that there was a lot of depth and
22 complexity to this quiet, thoughtful guy.

23 John's credentials are laudable. He
24 received a BS in economics from Redsell Air PolyTech
25 Institute and attended the Boston University Graduate

1 School of Management. He has also completed the AIMR
2 Investment Management Program at Princeton
3 University. A chartered financial analyst, he is
4 qualified to operate in various capacities across the
5 financial industry.

6 When John retired from Prudential in July
7 of 1999, he was managing director and head of the
8 Structured Finance Group, a unit of Prudential
9 Investments. At that time, he was responsible for
10 managing a number of portfolios that were valued at
11 \$4 billion. John currently chairs KICA's Finance
12 Committee which is responsible for Kiawah's finances
13 here and manages the investment of our multimillion
14 dollar reserve fund. He has a well-earned reputation
15 as a prudent and fiscally conservative investor.
16 He's also a member of Governor's Club, the Cinder
17 Creek Yacht Club, and the Kiawah/Seabrook Exchange
18 Club. John's credentials speak for himself.

19 But what of the man? My husband and I
20 have spent a lot of time with the Wilsons over the
21 last three years. Last spring, we spent five days
22 with them sailing the Chesapeake on a 38-foot
23 trawler. And let me tell you, you get to know people
24 very well living that close. Particularly when
25 you're cruising in a shipping channel where there's

1 lots of potential danger.

2 I expect John's extensive time on the
3 water and in the air sailing his own plane -- that's
4 a good trick -- that's a really good trick, John --
5 flying his own plane -- have taught him to approach
6 situations in a calm and measured manner and
7 carefully evaluating all alternatives.

8 That's the kind of person that I want
9 making decisions for my community. John Wilson is
10 personally invested in this island in every sense of
11 the word. It is my privilege this afternoon to
12 nominate him for Director of the Kiawah Island
13 Community Association.

14 (Applause.)

15 MR. PETERSON: Thank you, Diane. John's
16 second nomination is being seconded by Pat Casey.
17 Pat?

18 MR. CASEY: Mr. Chairman. We've all read the bio and
19 heard the bio about education and business
20 experience. But some other fields of personal
21 endeavor John has pursued. He is a connoisseur of
22 fine wines, which requires a great deal of study,
23 persistence in vineyards, and wine making. It takes
24 a lot of time and effort. He's an avid outdoorsman
25 and marksman marked by patience and persistence, a

1 concern for nature and conservation.

2 As was mentioned, he's an experienced
3 yachtsman plotting a course, close calculations of
4 vessel, weight, wind, tides. Preplanning is a
5 prerequisite here. An accomplished, licensed,
6 instrument-rated pilot, filing flight plans,
7 attention to detail, working with others, instrument
8 calculations to prospect for decisive precision
9 making and decision making. Each area of endeavor is
10 followed by certain traits, special attributes,
11 qualities of leadership, attention to details,
12 working with others, budgeting, and preplanning.

13 These are all necessary elements to serve
14 on our Community Association Board. My friend, John
15 Wilson, embodies such and will bring these and service
16 to this board. I proudly second his nomination.
17 Thank you.

18 (Applause.)

19 MR. PETERSON: Thank you, Pat. John, may
20 we have your acceptance, please?

21 MR. WILSON: Well, after those
22 nominations, I'm not sure what else to say. I thank
23 very -- I thank very much Diane and Patrick for their
24 kind words. As far as serving on the board -- by the
25 way, Diane, we did not hit that container ship so you

1 don't have to worry about that -- as far as serving
2 on the board, there are a lot of duties in the
3 Community Association Board, many of which I'm just
4 now starting to figure out and just now being told
5 about.

6 However, the financial side of it is
7 something I'm very familiar with because I've served
8 on the Financial Advisory Committee for a couple of
9 -- three years. And I do have some very specific
10 thoughts on that. The money that all the property
11 owners give to the Community Association really needs
12 to be spent very wisely. And I think that's a
13 primary duty of the board.

14 Along with that, there -- there are
15 streams of revenue coming into the Community
16 Association -- that don't come directly from the
17 property owners such as, let's say, the commercial
18 access fees -- but effectively do because they very
19 quickly come out of your pockets through higher costs
20 in other areas. I think we need to look at all those
21 revenue streams and minimize them where it is prudent
22 to do so. That is, not increase taxes which is
23 effectively what the Community Association is doing
24 when it gets revenues from the property owners.

25 By the same token, I think we need to

1 continue to spend the money we receive to maintain
2 the standards of this island. That is absolutely
3 critical. Along those lines, I think we really need
4 to make sure that there are adequate reserves, such
5 that our infrastructure, not just today, but 10, 20,
6 30 years from now is maintained to the standards that
7 we all want and need on this island.

8 Beyond that, I -- I consider it a
9 great honor to be nominated, and I really appreciate
10 the confidence of my nominators and -- and of the
11 existing board members especially the incoming -- the
12 incoming President, Faith Dodge, in asking me to join
13 the board. Thank you very much.

14 MR. PETERSON: Thank you, John. Do I hear
15 any nominations from the floor? Hearing none, do I
16 hear a motion to close the nominations?

17 UNIDENTIFIED VOICE: So moved.

18 MR. PETERSON: Is there a second?

19 UNIDENTIFIED VOICE: Second.

20 MR. PETERSON: All in favor of closing the
21 nominations, say aye.

22 UNIDENTIFIED VOICES: Aye

23 MR. PETERSON: Opposed?

24 (No response.)

25 Thank you. Nominations are closed.

1 Ladies and Gentleman, since we have two candidates
2 for the two seats, do I hear a motion to dispense
3 with the written ballot and to elect the two
4 candidates by acclamation.

5 UNIDENTIFIED VOICE: So moved.

6 MR. PETERSON: Is there a second?

7 UNIDENTIFIED VOICE: Second.

8 MR. PETERSON: Thank you. It has been
9 moved and seconded that we would vote by acclamation.

10 All that are in favor, say aye.

11 UNIDENTIFIED VOICES: Aye.

12 MR. PETERSON: Opposed?

13 (No response.)

14 Thank you. The election will be by
15 acclamation. May I now have a motion to elect
16 Russell Warren and John Wilson to the Board of
17 Directors?

18 UNIDENTIFIED VOICE: So moved.

19 MR. PETERSON: Could I have a second,
20 please?

21 UNIDENTIFIED VOICE: Second.

22 MR. PETERSON: All in favor, please say
23 aye.

24 UNIDENTIFIED VOICES: Aye.

25 MR. PETERSON: Those opposed?

1 (No response.)

2 Thank you. You have elected two new
3 Property Owner Directors who will represent you for
4 the next three years. Russell and John,
5 congratulations. Please come forward (applause.) and make your
6 formal acceptance. So we'll begin with you Russ.
7 Thank you.

8 MR. WARREN: This is a bit anticlimactic,
9 isn't it? So remembering Henry the VIII again, thank
10 you so very much. I do pledge to serve you the very
11 best I can. Thank you.

12 MR. PETERSON: Thank you, Russ.

13 (Applause.)

14 MR. WILSON: Again, I will thank everyone
15 for their confidence in me, and I will do everything
16 I can to make sure that confidence is justified.
17 Thank you.

18 (Applause.)

19 MR. PETERSON: Thank you, John. The next item on our agenda
20 is the Treasurer's report given by Dwight Freeburg.

21 MR. FREEBURG: Thank you, Fred. As we are
22 all very much aware this -- this beautiful Kiawah
23 community of ours stands on the shifting sands of a
24 lush tropical or at least barrier island. As your
25 Treasurer, however, I am pleased to report that your

1 Association continues to be in a very strong and
2 stable financial condition.

3 Our auditors Robinson, Grant and Company
4 have issued their unqualified opinion that the
5 financial statements accurately reflect the financial
6 position of the Association. A copy of their report
7 and the 2004 audited financial statements can be
8 mailed to you by calling the Community Association
9 office and requesting it. It will also be available
10 on our website soon.

11 Today I would like to give you a brief
12 overview of the Association's major funds, their
13 current condition, and what the future holds for each
14 of them. The three funds are the Reserve Fund, the
15 General Operating Fund, and the Recreation Center
16 Fund. And you can kind of follow along with the
17 display up here. I don't know whether in the back of
18 the room you can see the numbers or not.

19 But let's first look at our Reserve Fund.
20 This fund is designed for the purpose of major
21 repairs and replacements and the capital projects
22 including the landscape revitalization plan. The
23 revenues for this fund come from the one-half percent
24 transfer fee that is paid on every property transfer
25 here on the island. Eighty percent of this fee is

1 designated for major repairs and replacements. And
2 twenty percent is designated to landscape capital
3 improvements.

4 With 2004 being the best year on record
5 for property sales on Kiawah -- and if you notice Pat
6 McKinney is smiling when I said that -- the Reserve
7 Fund collected 2 point -- or two and a quarter
8 million dollars in transfer fees during 2004, to
9 start the 2005 year with a balance of just over eight
10 million dollars. This chart is a projection of our
11 estimated reserve income and expenses for the next
12 five years.

13 For 2005 and beyond, planned capital
14 progress, and we have several of them in the works,
15 include some major renovations at the Sandcastle,
16 resurfacing the Kiawah Island Parkway, continuing the
17 landscape revitalization program, constructing a new
18 maintenance site facility, and building an erosion
19 control reductant at Cinder Creek.

20 A large portion of the costs of these
21 projects will occur in 2005, and this results in a
22 projected year-end balance at the end of 2005 of 5.3
23 million dollars and an estimated balance at the end
24 of five years of 6.6 million dollars. In order to
25 ensure that these Reserve Funds are adequate for our

1 needs and at the same time are in compliance with IRS
2 guidelines, the Finance Advisory Committee, with the
3 advise and counsel of our auditors, developed, and
4 the board approved, a reserves policy to set
5 parameters for the funds.

6 The policy requires the board and
7 management to project expenditures for the next 10
8 years and to manage the funds within certain minimum
9 and maximum ranges. This chart just projects it for
10 the next five years. But as you can see by the
11 graph, the Reserve Funds are well within the range
12 established by the board and the Finance Advisory
13 Committee throughout this period.

14 And each year this is -- these numbers are
15 recalculated. And the blue -- the blue line indicates
16 the balance in the fund. The red line the
17 maximum, and the bottom line, the minimum. So as you can
18 see, by the end of five years we expect to be right
19 about in the middle between the minimum and the
20 maximum. We believe the Reserve Funds are adequate
21 to meet the future needs of the Association and to
22 fund our future projects. We remain one of the
23 nation's best funded Associations.

24 Now, I'd like to go on to the General
25 Operating Fund. And these figures represent 2004

1 results. The purpose of the Operating Fund is to
2 provide money for the day-to-day operations of
3 security, landscape, and lakes management, and
4 administrative costs, and member services. It is
5 funded primarily by your general assessment and by
6 the general assessment on commercial units and
7 undeveloped properties. In 2004 this source produced
8 slightly over four million dollars in revenues.

9 Another major source of income from the
10 Operating Fund for 2004 was the commercial vehicle
11 access fees and bike tag fees. These funds are
12 included in the General Operating Funds to offset the
13 costs of collecting and administering the fee and to
14 pay for the costs of routine repairs to roadways,
15 leisure trails, and walk bridges. Any surplus may be
16 transferred to the Reserve Fund at the board's
17 discretion. Actual receipts in 2004 from this source
18 were over \$740,000, of which almost 95,000 was
19 transferred to the Reserve Fund.

20 Interest earned, boat, canoe, storage
21 fees, landscape service fees, and other miscellaneous
22 income makes up the balance of the revenue for this
23 fund which totals slightly over 5 million dollars in
24 2004. These revenues were about \$150,000 above our
25 budget estimates. On the other hand, the operating

1 expenses were about \$250,000 below budget estimates
2 leading to a 2004 net surplus of \$417,000.

3 Now, moving on to the 2005 budget. During
4 2005, each owner of an improved property paid an
5 annual assessment of \$1,019 into this fund while
6 owners of unimproved lots paid \$509. Each owner of a
7 commercial unit paid 61.1 cents per square foot. So
8 just as a comparison, a single family home would be
9 assessed at \$1,019, and a 5,000 square foot
10 commercial unit and clubhouse, restaurant, retail
11 store would be assessed at \$3,055. Over 15 percent
12 of the General Assessment Revenue is paid by the
13 Developer, the Resort, and other commercial entities
14 on the island.

15 Now, how is this money spent? This gives
16 you a breakdown. As you can see, there's about 30
17 percent for general administrative and
18 administrative, 30 percent for land and lakes
19 management, 25 percent for security. I believe your
20 board, the Finance Advisory Committee, the
21 management and staff are doing an excellent job of
22 planning and controlling costs. This statement shows
23 a breakdown of expenditures by department, but that
24 doesn't tell the whole story.

25 This is the second year of our zero-based

1 budgeting initiative. Management and staff work
2 together as a team to develop the 2005 budget looking
3 at ways services could be provided more
4 efficiently, analyzing the way we provide services,
5 and comparing our costs and service delivery --
6 delivery standards to other community associations.

7 Some significant accomplishments in this
8 budget include the implementation of the human
9 resources pay grade scales and maintaining staffing
10 at current levels while the responsibility for land
11 management and security have increased steadily. Our
12 full time staff is currently 86, the same number we
13 had back in 2001. Now, total payroll costs
14 represented approximately -- 60 percent
15 of the total operating budget.

16 Taking a look at the -- the fund balance
17 the Community Association, General Operating
18 Fund balance. Our goal was to have a \$500,000 --
19 \$500,000 set aside by the end of 2006 for contingencies
20 such as insurance deductibles for storm damage and
21 other unforeseen costs. As you saw from the 2004
22 numbers, we ended with a surplus and that enabled us
23 at that -- in that year to fully fund this
24 contingency allowance of \$500,000 and carry forward
25 an operating surplus.

1 This additional surplus will be held in
2 the fund balance to provide for future expenses. We
3 anticipate this fund balance to remain over \$1.6
4 million dollars by the end of -- at the end of 2005. The
5 fund balance consists of the \$500,000 contingency, a
6 surplus carried forward of \$374,000, and a funded
7 depreciation of \$752,000. The funded depreciation is
8 money set aside to replace the vehicles, equipment,
9 and furnishings used by the Association.

10 Our financial policies and practices
11 continue to support our mission to be the premiere
12 association in all respects especially in maintaining
13 common properties, providing a secure environment,
14 preserving a quality natural setting, meeting
15 members' needs for community services, maintaining
16 and enhancing property values, and fostering the
17 spirit of community for all members.

18 Finally, let's examine the Recreation
19 Center Fund. The Recreation and Community Center
20 Advisory Committee, the Community Services Committee,
21 and the Sandcastle staff continue to do an exemplary
22 job, we believe, of building a sense of community for
23 members by providing more classes, activities, and
24 special events, such as last night's Celebrate Kiawah
25 held at the Sandcastle. There are many other

1 community events held at the Sandcastle including
2 Kiawah Reads, board and committee meetings,
3 workshops, and many community groups and clubs.

4 The primary sources of revenue for the
5 Sandcastle are amenity fees paid by members. This
6 was \$90 per -- per improved property and \$45 per
7 unimproved lots for 2005, and user fees from events,
8 fitness center use, classes, and pool guests. The
9 2004 budget eliminated the \$66 resident and \$20
10 non-resident user fee, which previously generated
11 over \$85,000 in revenue. Maybe you folks -- some of
12 you don't recall that. But there used to be
13 additional assessment for the Sandcastle. It was
14 eliminated two years ago.

15 The Sandcastle is becoming more efficient.
16 This is best illustrated by looking at the fund
17 balance which is going from a negative balance in
18 2002 to a positive balance of \$263,000 at the end of
19 2004. The 2005 budget projects the year-end fund
20 balance of \$258,000. And a fully funded depreciation
21 reserve of \$166,700, a \$50,000 contingency reserve,
22 and accumulated surplus carry forward of \$42,100.

23 A major renovation of the Sandcastle is
24 currently in the planning stages, and we will hear
25 more about this later today. The 2005 budget

1 incidentally reflects a deduction in event fees and
2 revenues due to an anticipated closing of the second
3 floor of the facility for renovations in the fall of
4 2005. The Community Association continues to prosper
5 financially with total fund balances today, including
6 the value of vehicles, equipment, and furnishings, of
7 over \$13.6 million and infrastructure assets of over
8 \$36 million. Our strong financial condition provides
9 us a unique opportunity to plan for growth in the
10 coming years as well as to provide for economic
11 uncertainty.

12 The year ahead promises to be filled with
13 change. The renovation of the Sandcastle, the
14 roundabout construction, the grand opening of FreshFields
15 Village, the construction of a new maintenance
16 facility, beginning construction on the Ocean Course
17 Clubhouse, and perhaps other changes we cannot
18 foresee. We will continue to work together as one
19 community of residents and non-residents, visitors,
20 commercial entities, the Developers, the Resort, the
21 Town, and the Community Association to face the
22 challenges and opportunities of our future and to
23 continually enhance and protect our beautiful island
24 paradise of Kiawah.

25 This concludes my remarks, Mr. President.

1 (Applause.)

2 MR. PETERSON: Thank you very much,
3 Dwight. It's always appreciated the reports you've
4 given us the last couple of years. There are lots of
5 detail but very exciting numbers and so that's great.

6 The next item on our agenda are some
7 remarks. The first person I'm going to call on is
8 Pat McKinney. Pat's been on our board since KRA
9 bought the assets of Kiawah in 1988. That would be
10 some 17 years. He's been a steadfast member of the
11 board, is able to provide historic reference from
12 that long term perspective.

13 Some of you -- probably all of you know
14 that Pat was originally here when the island was
15 first developed by the Kuwaitis. He came up from Sea
16 Pines and saw the wisdom of moving up the coast and
17 came here to Kiawah and helped land plan what has
18 turned into an absolute gorgeous property. He did
19 wander for awhile. He went to Wild Dunes. But he
20 came back and that's what counts.

21 So he's been -- I've enjoyed tremendously
22 having him on the board. He's been a great
23 inspiration to all of us. Probably his most powerful
24 innovation for us was the Contribution to Reserve
25 fee, which has provided us with a well being to

1 both upgrade facilities and had a healthy reserve in
2 replacement. Pat, we all appreciate the time and
3 effort you have spent to make Kiawah what it is
4 today.

5 (Applause.)

6 MR. MCKINNEY: Thank you very much. Thank
7 you, Fred. When Fred first said, do you plan on
8 saying anything? I said no. But he did ask me to.
9 I have learned a couple of things. In school I
10 learned that little books were most likely to be
11 read. And in business I've learned that short
12 speeches are the most likely to be appreciated.

13 I was here for the first Community
14 Association Meeting 29 years ago, 1977. And in that
15 29 years and leading up to today, this Association
16 has literally grown up before my eyes. It has gone
17 from a low six figure budget with significant
18 Developer subsidies to the mature, successful
19 operation that Dwight just described with a \$5
20 million operating budget and millions more in
21 reserve. And as this Association has grown in
22 stature, so has the caliber of its staff and its
23 volunteers and most significantly its directors.

24 And it's with bittersweet emotions that I
25 bid you farewell as a Director. I'm very proud of my

1 time here. And I've been enriched by the Association
2 with those with whom I've been privileged to serve.
3 To my fellow directors, past and present, I say thank
4 you. And to you the members, I say that KICA is in
5 wonderful hands. Thank you.

6 (Applause.)

7 MS. DODGE: I am very pleased to have this
8 opportunity to present this gift to Fred Peterson,
9 our President. He has been devoted to the Community
10 Association for many years and for outstanding
11 leadership as President this past year. Thank you,
12 Fred.

13 (Applause.)

14 MR. PETERSON: Thank you very much. It's
15 a pleasure. Fellow members of the Kiawah Island
16 Community Association, it does not seem possible that
17 three years have passed since I joined the Board of
18 Directors. Increased gray hair is kind of a sign
19 though that time has gone by. I have enjoyed my
20 service with the Association, particularly this past
21 year as your President, and it's been an honor to be
22 the first non-resident President of Kiawah Island
23 Community Association. My wife, Anne, and I live in
24 Summerville full time, although we do have property
25 in Turtle Cove.

1 This year has been marked by achievements
2 and continued well being for the Association and for
3 Kiawah Island. You received the 2004 Year In Review
4 as part of your annual meeting packet. I hope you
5 took the time to review the detailed discussions of
6 a very successful year. Your board has continued
7 to be good stewards of KICA financial assets.

8 Thanks to Dwight Freeburg for his clear
9 review of our very strong financial condition. Your
10 Association is able to keep its facilities and
11 infrastructure in excellent condition due to our
12 reserve balances. We have energetic, hardworking
13 employees headed by our General Manager, Joe Bunting.
14 They are happy to serve the members of the KICA.

15 Joe celebrated his seventh anniversary
16 earlier this year. He's been a really strong
17 influence for the Association. He pushes our
18 employees to take further education, to become more
19 qualified for their jobs, and it shows in the job
20 that's done. Our staff prides itself on customer
21 service.

22 What a great Board of Directors. It's been a true pleasure to serve with
23 them. It is an extremely collegiate group. It has
24 varied expertise and interest. We have held the
25 well being of Kiawah foremost in all of our

1 proceedings. Monthly public meetings have been
2 spirited sessions with well-reasoned discussions
3 leading to consensus board policy.

4 This annual meeting marks an important
5 step in the transition to full property owner control
6 of KICA. Today we have elected two new Property Owner
7 Directors, extremely well-qualified gentlemen, to
8 replace one Property Owner Director and, Pat McKinney,
9 our Developer Director we just heard from. So your
10 leader board now has six of seven seats held by
11 property owners.

12 Buddy Darby will still remain on the
13 board, and he is a real resource and well respected
14 by all the members. Volunteerism remains strong
15 on Kiawah with over 100 members volunteering their
16 time and talent to further the mission of KICA. Our
17 Community Services Committee was successful in
18 recruiting new members to be volunteers for the
19 upcoming year. All of our Advisory Committees have
20 non-resident members to broaden the viewpoint.
21 Naturally we welcome the interest of any member to
22 become involved in the self-government of KICA.

23 Looking forward, there are four issues I
24 believe will require the attention of the board and
25 the members of the Association. These issues are the

1 redevelopment of the West Beach Inn and Straw Market,
2 improved safe access to Kiawah, the potential need
3 for beach renourishment, and modification of the
4 bylaws to allow consecutive board terms.

5 The first item involves the Resort who's
6 been a wonderful neighbor for us for many years.
7 They've closed the Kiawah Island Inn and its supporting
8 facilities including the pools, the dining rooms, and
9 the conference areas pending a plan for
10 redevelopment of this area. The original plan for
11 Kiawah included a strong resort core in West Beach
12 to support the new residential, cottages, villas, and
13 homes nearby. The KICA should remain engaged in the
14 Resort to insure that their plans do not negatively
15 impact the existing property owners.

16 The Town of Kiawah has opened the issue of
17 the lack of safe access to Kiawah. It is time for
18 the Community Association to aid in a newly devised
19 parkway through the center of Johns Island. It may
20 not be obtainable, but it appears that at least some
21 county politicians realize improvements must be made.
22 I love the beach and the Atlantic Ocean. That
23 sandspit at the eastern end though is affecting the
24 erosion and natural renourishment of the beach.

25 The Town's naturalist, Jim Jordan,

1 recently presented a report on the health of Kiawah's
2 beach to both the Town Council and the KICA Board of
3 Directors. There has been a loss of protective sand
4 dunes in the area of the Ocean Course and the
5 beachfront. While this sort of erosion is termed
6 routine by some, the breaching of the dunes in at
7 least three areas of the beach with saltwater
8 infecting the freshwater wetland is truly worrisome.
9 I believe the beach renourishment, even though it is
10 sacrificial, must be considered in the near term to
11 protect the physical assets of the island.

12 Finally, the KICA bylaws should be
13 modified to allow two consecutive terms by board
14 members. The KICA could benefit from the experience
15 and knowledge gained of a trained individual's first
16 term without the worry of an entrenched directorship.
17 The prohibition dates from a more contiguous period
18 in our history. Now that property owners control the
19 board, they may wish to allow this modification.

20 Once more I thank you for the privilege of
21 serving on the KICA Board of Directors. I recommend
22 it highly to anyone who wants to assist in improving
23 Kiawah and the Community Association. Thank you very
24 much.

25 (Applause.)

1 The next item on the agenda is old
2 business. Is there any old business of the
3 Association? Hearing none, we will move on to new
4 business. The first item of new business, we will hear
5 from Avril Fenwick, who is the board liaison to the
6 Recreation and Community Center Committee. She will
7 report on the status of the Sandcastle capital
8 improvement plan. Avril.

9 MS. FENWICK: Thank you, Fred. Good
10 afternoon. When I got to the meeting today, I had to
11 ask if the Sandcastle was still standing after our
12 grand party of over 700 people there last night. But
13 I hear that it's still there so we can go on with our
14 renovations.

15 At last year's annual meeting, you heard
16 about plans to make the Sandcastle Community Center
17 better suited for the growing needs of our
18 membership. Our beautiful building, at that time,
19 was described as functionally challenged. Well,
20 today, I want to give you an update of what has been
21 going on for the last 12 months.

22 At this annual meeting last year, we asked
23 you, our members, both directly and through the member
24 survey, for your input, and we thank you for
25 responding. With that information, the Community

1 Center Advisory Committee and the Board of Directors
2 and our architect, Myles Glick, tackled the problem
3 of what -- how to make the Sandcastle a little more
4 functionally workable.

5 The first stab was an all inclusive plan.
6 A money-is-no-object plan. Well, of course, money is
7 a very important constraint. And even more important,
8 we realize that taking on such a huge, major project
9 would have meant closing the Sandcastle for at least
10 a year, completely closing it down and probably
11 having to lay off staff, and this was just not
12 acceptable. So it was decided to divide this project
13 into phases. And we based this on the priority set
14 by the Community Center Committee and the board.

15 The first phase is a construction of a
16 service elevator on the east end of the building.
17 The second phase will be the renovation of the second
18 floor. And the third phase -- the last phase -- will
19 be deciding what to do with the first floor and the
20 area around the pool. Let's briefly look at each one
21 of these phases.

22 This is a picture of the east side of the
23 building. This is where our new service elevator is
24 going to be constructed. If you were looking at the
25 displays in the back of the room, there is a diagram

1 of how this new service elevator will appear. It's
2 going to be sticking out of the west -- or the east
3 side here. This service elevator will provide direct
4 access to the kitchen on the second floor.

5 Currently the caterers have to park way
6 over on the other side of the building -- on the west
7 side -- and use that ramp, go into the main door, go
8 up the elevator that everybody else uses, and with
9 all their equipment and the food and the supplies and
10 everything, finally get up to the second floor and go
11 down the hall to the kitchen.

12 This service elevator will allow the
13 caterers to park just a few yards away from the
14 elevator and go right up to the kitchen on the second
15 floor. All the approvals, the permits from the ARB,
16 the county, et cetera, have been received. This
17 project should start any day now, and we project it
18 to take about four months. We are all very excited
19 about this.

20 The next phase is the renovation of the
21 second floor of the Sandcastle. This space, as you
22 know, is in constant use, and it is used in many,
23 many different ways. There are meetings held there,
24 people play cards there. There's book discussions,
25 opera appreciation class. And, of course, the

1 ever popular Thursday night dinners. It's rented out
2 to large parties for wedding receptions, et cetera.
3 This area, as you know being there last night, really
4 needs a major facelift.

5 So, the big parts that we're
6 going to be doing is that the kitchen HVAC system
7 needs major work. The current system just cannot
8 keep the kitchen cool enough to work comfortably.
9 The -- as you've probably realized if you've ever
10 been out there, if you want to get to the third floor
11 and far -- the third room, pardon me, on the far east
12 part of the building, you either have to walk through
13 the kitchen or go through the middle room and that's
14 kind of tacky.

15 So what we're going to do is rearrange
16 that hallway up there so that you can now walk
17 directly into the third room without having to
18 interrupt other things. We need better soundproofing
19 in the dividers for the three rooms upstairs so that
20 when you're having a meeting in the middle room,
21 you're not listening to the opera appreciation class
22 in the first room. Those are our big three expensive
23 items.

24 The other things in this project will be
25 new carpeting, new ceiling tiles, better lighting,

1 fresh paint, and window treatments. When this phase
2 is done, we will have a space that I think that we
3 can all be very proud of. Our architects are working
4 on the plans now. The project will go out to bid
5 this summer. Work should start, we hope, the first
6 of September. And the second floor will be closed
7 for about four to five months.

8 The final phase. This covers the first
9 floor and the area around the swimming pool. An ad
10 hoc committee is being set up to tackle this project.
11 The chair will be Fred Peterson, our outgoing
12 President. And members will include representatives
13 from the Community Center Committee, the Finance
14 Committee, Major Repairs and Replacement Committee,
15 interested people in the community. We will be
16 hearing more about this committee in the coming
17 months.

18 So, that's what's been going on. A lot of
19 people have put a lot of hard work into this project.
20 But the Sandcastle is an important community asset,
21 and I think all the time and effort have been well
22 worth it. Thank you for your time.

23 (Applause.)

24 MR. PETERSON: Thank you, Avril. We're
25 on to the second item of new business which is

1 actually kind of a fun part of it. We are going to
2 have a drawing to award one of our members a rebate
3 of \$500 on their assessment. And that's based on
4 those that turned in proxies for today's -- today's
5 meeting. So Michael Putich, who is well-esteemed,
6 will come out and do the honors for us.

7 And, Mike, in the bag we have -- I guess,
8 we have all sorts of names. Let's see who can win
9 \$500.

10 MR. PUTICH: Mr. and Mrs. Joseph Reeves,
11 Tennis Club Lane.

12 (Applause.)

13 MR. PETERSON: I suppose I didn't say, you didn't have
14 to be present to win. You had to send in your proxy.
15 Thanks to those folks, and thanks to all of you
16 folks.

17 Do we have any other new business to
18 discuss? Hearing none, we'll move on to the next
19 item on the agenda which is the always favorite
20 member comment session. If you've got a question or
21 a comment, please come to a microphone in the center
22 aisle, give your name and property address, and
23 address your question to the full board. Please keep
24 your topics germane to the Association's business.
25 Please be reminded that our policy is to respond to

1 questions at the next regular board meeting while
2 allowing us adequate research into the question.

3 Are there any comments or questions?

4 MS. KULICK: Wendy Kulich, 38 Marsh Edge
5 Lane. Property owners recently received Mr. Darby's
6 letter promoting, extending in its entirety, the
7 Development Agreement which was signed by the Town
8 and KRA in 1994 and expires in 2008. The agreement
9 contains provisions which severely constrain the
10 free will of KICA's board which now has a property
11 owner majority in certain areas.

12 For example, dual majority votes by KRA
13 and the Property Owner Directors enable KRA to retain
14 an equal vote on the use of all Reserve Funds. This
15 is true even after today when we as property owners
16 had a six to one majority on the board. With dual
17 majority votes, KRA has one vote, and each of the
18 Property Owner Directors has a one-sixth vote. So
19 that all KRA has to do is to convince one of the six
20 Property Owner Directors to vote its way, and it will
21 prevail.

22 Another provision requires maintaining
23 budgetary allocations requiring that 41 percent of
24 the operating budget be assigned to landscaping,
25 general maintenance, and lakes management regardless

1 of whether the board agrees that this percentage of
2 the budget should be spent on these items.

3 There are also landscape standards
4 detailed in the Standards Manual of the Development
5 Agreement that touches on things such as frequency of
6 changing annuals, square footage of flowers to be
7 planted, how much grass seed, weedkiller, and
8 fertilizer will be applied per square foot, where rye
9 grass will be planted in the winter, and maintenance
10 standards.

11 Whether the current and future boards
12 agree with these provisions, we have to continue to
13 abide by the constraints for several more years. The
14 wholesale extension of the restrictions in the
15 Standards Manual component of the Development
16 Agreement beyond 2008 does not appear to be in the
17 best interest of property owners.

18 My question is this. Is the board
19 reviewing the Development Agreement in order to
20 identify those items, which impact the Association in
21 order to provide input to the town before a
22 decision is made? We look to you, our Property Owner
23 Directors, to act on our behalf. As someone who has
24 lived here full time for almost 16 years and has
25 followed very closely the negotiations surrounding

1 the Development Agreement, I feel strongly enough
2 about this matter that I would be willing to help with
3 any research and review on behalf of KICA, whether
4 the board elects to reconstitute the Governance
5 Planning Committee or appoints an *ad hoc* committee to
6 address this issue. Thank you for your
7 consideration.

8 (Applause.)

9 MR. PETERSON: Thank you, Wendy. Do we
10 have any other comments from members in the audience?

11 MR. WILT: My name is David Wilt. I live
12 at 4569 Parkside -- or Park Lake Drive. And this is
13 the first time I've been here. As you can see by the
14 degree which I'm -- haven't had much facility with
15 this microphone. But let me first say it's
16 a pleasure to have the opportunity to speak.

17 In the interest of time and with the good
18 guidance of a lot of the speakers, I'll try to keep
19 this as short as I can. Unfortunately, I think it's
20 a complex issue. And I guess one of the things I
21 would be looking for is guidance from the board about
22 how to bring this forward at a future and appropriate
23 time.

24 A little bit of background. I was
25 introduced to Kiawah a couple of years ago. Like a

1 lot of you, we fell in love with the place. I think
2 it is a special place as several of the speakers have
3 identified. I think it's also important though that
4 we realize that the -- there are certain property
5 issues that -- that the KICA has responsibility for.
6 And I'm going to bring one of those forward today.

7 And that has to do with a decision by the
8 Resort to close the pools at the former Inn. And as
9 perhaps many of you know, or don't know, to limit the
10 access to the other pools at Night Heron and the
11 Tennis Club to either Governor's Club members or
12 those who rent through the Resort. That means that if you
13 rent your unit -- and I know many of you do --
14 through any of the other programs, unless you --
15 unless you have a pool -- unless it is the owner's
16 pool or unless you have a Community Association pool,
17 you have no access, and your renters -- excuse
18 me -- your renters have no access to a pool.

19 I can tell you personally when as a result
20 of this action -- let me go back for a minute. This
21 is going to seem like I'm slamming the Resort, and
22 I'm not. I'm really here to make some suggestions
23 about what I think is in the interest of KICA. I
24 think the things I'm going to say are accurate, and I
25 think they represent the information that I have.

1 To make a long story short, since this
2 policy was announced I have rented one summer week-- one. When
3 I tell would-be renters -- I have now a spiel. I
4 say you have three choices. You can rent through the
5 Resort. You can rent a house with a pool. You can
6 rent in a community with its own pool. The answer is
7 universally negative and despairing. I am free -- I
8 share this information with them because I want to be
9 honest. I would want to be treated the same way.
10 But I can tell you, it is not a positive response
11 that I get. It is not positive in the interest of
12 Kiawah.

13 So why is this important to you? It's
14 important to you, not just if you're an owner in
15 Parkside, it's important to you not -- not if you're just a
16 renter through a non-Resort program, because the
17 impact of this decision has immediate and negative
18 consequences on the value of each of our properties,
19 and pre-sages, potential more significant and
20 negative consequences down the line. Again, I am not
21 accusing the Resort of doing anything inappropriate.
22 They are a profit making entity.

23 Well, let's talk about the impact. Very
24 briefly to those who rent, rental income is impacted.
25 To those who want to buy or sell. If I tried to sell

1 my Parkside unit today and the buyer said, well, what
2 about pool access? What do I tell them? How many of
3 you would have bought your rental unit if you knew
4 that pool access was limited, problematic or not possible?

5

6 Secondly, and most certainly, when people
7 come to me -- and again I'm on the front line --
8 people will say to me, how about -- what's available
9 at Kiawah? When I tell them that the pool access is
10 going to cost them -- at least in Parkside -- \$500 or
11 more -- because basically that's the difference
12 between my rental rates and the Resort rental rates
13 -- their reaction to many of these is, "Well, I'll go elsewhere.
14 I don't need to come to Kiawah. I love Kiawah, but
15 I'll go someplace where I can get a pool." So the
16 impact of this is very significant.

17 Let's talk about the long term. And,
18 again, I'm not accusing anybody of anything, but
19 let's talk about what could happen. The Resort has
20 made it very clear, two things. They're going to
21 take care of their customers first, and they're not
22 going to provide these amenities without being
23 appropriately reimbursed, both of which are entirely
24 reasonable.

25 It is certainly possible that as a result

1 of the Sanctuary being opened, the Resort could
2 reserve one the five golf courses for guests of the
3 Sanctuary. That's happened elsewhere. Why not here?
4 It's possible they could raise the rates on the golf
5 courses to 200 -- 100 percent or some great
6 difference -- excuse me -- greater higher rate for
7 those who are not guests of the Resort if they think
8 it's in the interest of protecting their guests,
9 which, of course, they have the right to do.

10 So it seems to me that we have an issue
11 here that has a direct and immediate impact on all
12 of our property values because it essentially reduces
13 the appeal of Kiawah, reduces its competitive
14 position relative to other resorts. And let me just
15 give you one kind of metaphor. One of the things
16 I've been impressed with Kiawah about is the quality
17 and the success and the sophistication and the
18 knowledge of the people who come here. We're talking
19 Fortune 500, Fortune 1,000 people.

20 Let's assume that a Fortune 1,000 person
21 has rented -- a CEO -- has rented my unit. They
22 don't know about this policy, as many don't, I can
23 tell you. They show up in July. They put on their
24 swimsuit and head out to the pool, and they are told,
25 I'm sorry, you cannot use it. So the first

1 question is, okay, how much is it going to cost me?

2 \$500? \$1,000?

3 The answer is, no, you cannot use it. Can
4 we really say that we are a world-class resort if
5 people coming here cannot have access to something as
6 basic as a pool? So to make a long story short,
7 that's the -- that's the situation. I have three
8 basic recommendations and I'll do them very quickly.

9 One is in the short-term, KICA needs to
10 provide some kind of alternative and relief for those
11 of us who basically are shut out. I would suggest
12 some kind of a limited access to the Sandcastle pool.

13 Secondly, would be to develop some plans
14 for acquiring infrastructure appropriate to the
15 Association such as possibly acquiring Night Heron
16 and its pool, and/or building one. Because these
17 things I think are naturally appropriate for a -- for
18 an association.

19 And, thirdly, in the long run, to develop
20 a plan, as you have discussed here today, to go
21 forward and look and determine what kind of
22 infrastructure is appropriate for a maturing Property
23 Owner Association and a maturing development. Perhaps
24 some of you feel that I'm just a little over -- too
25 much -- I'm overreacting. But I think what I've

1 learned is as wonderful as Kiawah is, as long as we
2 -- we are, as members of KICA, vulnerable to the
3 decisions of two very powerful players, which they
4 make in their own interest and have every right to
5 do. I think it's time for us to step up, and I think
6 that this is an opportunity.

7 So, I know I've taken a lot of your time,
8 and I appreciate it. I don't know how to proceed
9 with this, but I can tell you this. This is of a
10 terrible concern to me. And I do believe that KICA
11 has responsibility to take -- to address this because
12 clearly these circumstances have directly and
13 immediately reduced the value of the investment I
14 made. Thank you.

15 (Applause.)

16 MR. PETERSON: Thank you, sir. Are there
17 any other questions or comments to the board? Seeing
18 none, there being no further business, I would
19 entertain a motion for adjournment.

20 UNIDENTIFIED VOICE: So moved.

21 MR. PETERSON: Second?

22 UNIDENTIFIED VOICE: Second.

23 MR. PETERSON: All those in favor, say
24 aye.

25 UNIDENTIFIED VOICES: Aye.

1 MR. PETERSON: Opposed? This meeting
2 stands adjourned. The new board will hold a brief
3 meeting in the Rutledge Room for the election of
4 officers and approval of their meeting schedule. Thank
5 you very much for coming today.

6 (The board meeting adjourned at 3:30).

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REPORTER'S CERTIFICATE

1

2 I, ANGELA VANOY, Court Reporter and Notary Public in
3 and for the State of South Carolina at Large, do hereby
4 certify that I correctly reported the within-entitled
5 matter and that the foregoing is a full, true and
6 correct transcription of my shorthand notes of the
7 testimony and/or other oral proceedings had in the said
8 matter.

9 I further certify that I am neither
10 related to nor counsel for any party to the cause
11 pending or interested in the events thereof.

12 Witness my hand, I have hereunto affixed
13 my official seal this 23rd day of March, 2005, at
14 Summerville, Berkeley County, South Carolina.

15

16

17

18 Angela Vanoy
19 Court Reporter
20 My commission expires
21 January 28, 2012

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