

I'On Assembly Board of Trustees Meeting

May 28, 2015

Board Members Present: Bob Davis, Tom O'Brien, Tony Woody, Bruce Kinney, Lori Feehan, Anne Register, Chad Besenfelder

SCS: Mike Parades

Guests: Don Higgins, 24 Nolen Way; Carla Gilman 344 N. Shelmore; Duval Acker, 34 Eastlake; Frank and Linda Rinaldi, 42 Frogmore Rd; George and Mary Jane Toole, 130 W. Shipyard; Ed and Jo Clem, 167 E. Shipyard; Bob and Pam Wilkes, 126 W. Shipyard; Amy Sage, 63 Jogging; David and Vickie Countryman, 52 Robert Mills Circle; Karen McLean, 59 Robert Mills Circle; Pam Bishop, 138 W. Shipyard; David and Nance Nixon, 22 Fernandina; Dennis Coyle, 213 Ponsbury.

Homeowner Forum: Don Higgins said that the community lost a dear neighbor and friend, Fred McIntyre. Fred was a member of a dinner group, which was made up of I'On residents, for about 10 years. The dinner group would like to put a plaque honoring Fred at the flagpole. Fred was a Naval Academy graduate, a Navy pilot and responsible for getting the Navy involved with the 4th of July parade in I'On. Bob explained that during the formal meeting, the Board is planning to talk about this and vote on it.

David Countryman spoke about short-term rentals and their negative impact on property. Vickie Countryman explained that she feels uncomfortable in her own home now, and the short-term rentals/ B&B's have impacted her serenity on the weekends.

Karen McLean expressed that she does not want short-term rentals to continue. She wanted to know what our rights are, and whether we can change our HOA rules to keep B&B's and short-term rentals out of I'On. She said that the B&B near her puts trash out inconsistently. Two or three night rentals, bridesmaid parties and family reunions are coming and going every other weekend.

Carla Gillman expressed her support for AirBNB. She explained that she understands the concerns of neighbors; however, she hosts an AirBNB in her home and does not have the issues occurring at her house that others have described in other homes. She and her husband only host one room, and only rent out that room when they are home. Carla explained that she is a rule follower and researched AirBNB rules and tax laws for 4 months before she signed up for AirBNB. Carla agreed that she would not put up with the issues that some of these other

neighbors have described regarding short-term rentals. She also explained that she shut down her site after Mike Parades spoke with her husband. Carla expressed her feelings about the way rules are enforced in the neighborhood and she also expressed how deeply she will miss the joy of sharing her home with visitors. She asked that the Board be careful in the rules that they make as the “sharing economy” is only growing and she hopes the Board will not create rules that inhibit responsible sharing.

Bob explained that the I’On PD does not allow for the operation of Bed and Breakfasts in residential locations of I’On. Because of that, the operation of a bed and breakfast in I’On is a criminal misdemeanor. The PD is not covenants, rules, or bylaws that were created by the Board; the PD was created by the Founder and approved by the Town as an Ordinance when the neighborhood was formed.

George Toole expressed that he is completely against short-term rentals.

Bob Wilkes expressed his opposition to short term rentals and B&B’s

David Nixon feels that short-term rentals have a lot of negative consequences to a residential area.

Pam Wilkes explained that she is totally against B&B’s; Pam mentioned that she currently lives across from a B&B and it is a huge issue.

Mary Jane Toole explained that she too lives across from a B&B. She has had several conversations with the Town and they have confirmed to her that there are no other neighborhoods or planned developments in Mt. Pleasant that allow bed and breakfasts. She said that I’On is set up to have a specific business area at the front of the community, but she did not buy her house to have a tourist hotel across the street from her. She felt that B&B’s and short-term rentals are negatively affecting property values in I’On.

Linda Rinaldi shared that they have an entire house rental on a short-term basis across the street from her property. She said that there is always a caravan of cars coming and going from the property. She stated that she did not invest in this neighborhood to have a B&B across the street from her.

Duvall Acker expressed that she too is against short-term rentals in the neighborhood.

Nance Nixon shared her opinion, stating that she is opposed to short-term rentals in I’On.

Ed Clem and Jo Clem stated that they are concerned that short-term rentals and B&B's are threatening the quality of life in I'On.

Frank Rinaldi indicated that he believes people are doing short-term rentals for one of three reasons: greed; profit; or because they can't afford to live in I'On. He said that it is creating and adding to the huge traffic problem in the community. In speaking with his neighbor across the street who is running two businesses out of his house, Frank explained what a huge personal liability it is for homeowners running the B&B's or short-term rentals and what a liability it is for the community as a whole.

Pam Bishop said that she is alone quite a bit because her husband travels so much. One of the reasons she loved I'On was because of how safe she felt in the community. Pam stated that she has not felt safe with the B&B operating across the street from her. She is very afraid and she doesn't know who the people are who are staying in the home. Pam explained that she tried to speak with her neighbor about the issue but without success. Pam doesn't want to be run out of the neighborhood because of this problem, so she complained to Town. The Town told the homeowners operating the B&B to cease and desist, not accept any more reservations and to take the website down.

Dennis Coyle expressed that he too is against B&B's.

Bob made a couple of points to clarify the difference between B&Bs and short-term rentals. Bob explained that a Bed and Breakfast occurs when rooms are rented and the owner of the property continues to live in the property. This is an important definition, as B&B's are deemed commercial activities by the Town not allowed to operate on residential lots in I'On, according to the PD.

The enforcing authority of the I'On PD is the Town of Mt. Pleasant, not the Board. The Board does not have the authority to bring an action based upon a violation of the PD. If someone is operating a B&B, the Town is responsible for taking action. The Town very rarely does that.

Bob explained that the only reason the Town told the property owner at 109 Ponsbury to cease and desist was because they received so many complaints about that specific property. This owner has now filed an application with the Town of Mt. Pleasant to amend the I'On PD to allow a B&B to operate at 109 Ponsbury. That application will be heard by the Planning Commission of Mt. Pleasant at a public hearing on June 17th at 5 pm at City Hall. They will post a public notice on the property next week. Anyone wishing to speak will be allowed to do so.

Bob encouraged attendance. He said this is a community issue regardless of which side you are on and the more residents that attend the hearing and make their views known, the more information the Planning Commission will have to help them make their decision.

Short-term rentals are a different matter. Short-term rentals are situations in which the entire dwelling (the whole house) is rented out for less than 28 days and the owner is not present on-site. Short-term rentals are currently legal everywhere in Mt. Pleasant except the Old Village.

Bob explained that the Board understands the views of the homeowners present. He explained that one of the things that the Board will be considering later in the meeting is whether it should propose a rule under l'On's covenants that will prohibit all rentals of any kind for less than 28 days duration.

A homeowner inquired as to how the Old Village is able to be exempt from short-term rentals. Lori explained that in 2007 Town Council created a restriction under preservation and historical considerations for the neighborhood's character to create a minimal rental period of not less than 28 days.

Meeting Called to Order: 6:45 pm

Approval of Minutes

Motion to approve the April 23, 2015 Board Meeting minutes. Motion seconded. All in favor. Motion passed.

President Report: In regards to the sale of Montessori school, the school is currently accepting bids. If the Assembly has any interest in purchasing the property, then it will need to submit a bid. Bob explained that he does not know the asking price. He commented that he has not sensed a strong interest among the Board members to bid purchase on the property on behalf of the community. Tom inquired whether we could purchase only the lot where the portables buildings are currently located. Bob agreed to look into this to see if the school would be interested in selling this lot separately from the rest of the school. If the Assembly were to acquire this lot, it could be used as a future site for a community building.

Bob reported that the mid-year Homeowners' Forum is scheduled for June 9th at the Creek Club, following the June Potluck dinner. The Forum is planned to be an informal question and answer session. Homeowners wishing to ask a question or make a statement will be given 2 minutes to speak and allowed one follow up question.

Bob provided an update on the evaluation of our outside counsel. Nothing new has occurred as to this project primarily because the Board has been so busy working on other issues. Most important, Bob stated his opinion that with all of the issues that have arisen lately, Shawn Willis with Turner Padgett is doing a very good job. It would not be wise to change counsel in the midst of all the current projects. Bruce pointed out that we essentially have changed counsel because in Shawn we are now using a different attorney within the same firm. Bruce suggested taking this project off of the President's Report. Bob agreed.

Bob confirmed that the Town installed the speed bumps as well as signage on N. Shelmore. Bob also reported on the Westlake easement, confirming that the landscape plan for the area adjacent to the path was approved by the IDC and the property owner is moving forward in completing that plan.

Bob provided an update on lot CV-9. Vince Graham is willing to put restrictive covenants in place on CV-9 that will limit the use of this property to a memorial park. A copy of a draft of this document was provided to the Board. The document does provide the ability to build a structure, but the allowed size of the structure is very small; not larger than an 850 square ft footprint. Bob asked for the Board's approval of this document.

*Motion to approve the restrictive covenant regarding CV-9 as it is written by Vince Graham.
Motion seconded.*

After discussion on whether the Board needs to approve the proposed document, it was agreed that taking a vote is appropriate.

All in favor. Motion to approve the restrictive covenant regarding CV-9 passed.

Regarding the Meeting House at l'On, Bob informed the Board that Mike wrote a letter to the Town, as requested at the last Board meeting, asking the Town if the activities of The Meeting House comply with the civic use zoning of the location. The response letter from the Town responded affirmatively and was provided to the Board. The Town made the point that the Meeting House is not yet open for business. The Board will monitor the Meeting House activities to ensure that they comply with the zoning uses. This information will be announced to the community via email blast.

Regarding the Leadership Development Committee, Bob asked Deborah Bedell and her committee to look into a couple of issues such as board terms (whether the terms of service should be 3 years rather than 2 years), holding annual meetings in January rather than

December (because December is such a busy time with the holidays), and lastly, electronic/internet voting (whether this something that the Assembly should pursue). Bob asked Deborah to have her committee report back to the Board with their recommendations.

Bob reported that Deborah has recruited Nance Nixon and Julie Hussey to join the Leadership Development Committee; this requires a vote by the Board in order to officially appoint these neighbors to the committee.

Motion to appoint Nance Nixon and Julie Hussey to the Leadership Development Committee. Motion seconded. All in favor. Motion passed.

Manager Report: Mike reported that he has been through more alleys, and he plans to finish going thru all of the alleys in the community by the next Infrastructure Committee meeting. Mike hopes to have bids for asphalt repairs and seal coating ready to report to that committee at its July meeting.

Mike reported that boater registration is going well; we are almost up to 50 of the 80 registered boaters from last year.

In regards to traffic calming, speed limit signs are coming for all four entrances. Once those signs are installed, the Mt. Pleasant police department will start enforcing the speed limit in l'On.

Mike reported on the Creek Club dock closures year to date, as outlined in the Board packet.

Mike reported that he applied for a depredation permit from DNR for the geese around the lakes, and he has now received the permit giving permission to remove up to 10 geese. Discussion followed on whether this is something that the Board should support. Amy reported that for Trust events, they always have to clean up fecal matter from the Amphitheater and surrounding areas, so it is an issue that needs to be addressed. The problem with the geese is that they are not migrating as they should, and they are remaining in l'On year-round, creating quantities of fecal matter that are dangerous to household pets and create a mess. Mike was given instruction that if the geese cannot be relocated, then he must come back to the Board and receive further instruction and permission from the Board before anything further can be done.

Trust Report: Amy reported that the Memorial Day Screen on the Green and the Memorial Day picnic were both great successes; there was a great turnout at both events.

Amy mentioned that with the 4th of July celebration approaching, she wanted to bring up that there is always a lot of trash after the celebration. While the Trust puts out trashcans and hauls trash away after the event, there is still always a lot of extra trash around the lake that sits for several days. Tony said that the Landscape Committee will coordinate with LOG and have them make a special trip to remove the trash the morning after the event.

Amy also reported that in previous years, there has been a problem with children being on boats on the lake while fireworks are going off. She feels this creates a very dangerous situation and plans to make an announcement at the picnic announcing that the lake is closed at dusk when the fireworks begin to go off.

Landscape Report: Anne reported on living memorials and honor gifts. As mentioned in last month's Board meeting, the availability of memorial bricks is going to be revived by the Trust. Anne reported that there have also been requests for special living memorials to honor neighbors that have passed. The Landscape Committee is looking at various common areas in the neighborhood in order to identify areas where we would be able to add to the landscaping, so that if someone wants to make a dedication there would be a plan to direct them to the location and type of memorial whether it be a tree, a shrub, etc. The Landscape Committee supports this idea. The Board also liked the idea and encouraged Anne to continue in her efforts. Anne and Tony plan to develop protocols for the living memorials.

As mentioned in the homeowner forum, a group of men have requested to dedicate the flagpole at the entrance of the neighborhood to honor Fred McIntyre. The Board discussed this idea and agreed that they support this. Anne will go back to the group and request that they submit a plan detailing what they would like to do. Anne will then provide this proposed plan to the Infrastructure and Landscape Committees for their review and approval. Several Board members commented that they would like for this to be done by July 4th so that it could be dedicated to Fred on July 4th.

Amenities: Tom would like to get more neighbors involved in the community, and he believes that a few new amenities will help get neighbors involved. Ideally, Tom would like to add an amenity each year, creating more sub-committees to manage these additional amenities, thus getting more neighbors involved in the community. He suggested possibly acquiring and turning the Cemetery into a neighborhood amenity. He would like to clean up the cemetery, perhaps working with the College of Charleston or the Citadel's history department to find information about the people who are buried in the cemetery and events that were happening in Charleston during their lives. Tom clarified that the Assembly does not own the land that the

Cemetery is on, but he would like to reach out to the family that does own it to see if they would deed the property over to the Assembly, or just allow l'On to take over maintenance of the property. The Friendship Garden is another area that he would like to see revived into a usable amenity for the community.

Chad volunteered to help with the cemetery. He reported that the developer had a radar survey done of the area and there is a map of this. He will try to locate that map.

Tom reported that he, Tony, and Mike met with a group of neighbors concerning the idea of creating a paved area for children to play at the soccer field. They are moving forward to get additional ideas and they will come back to the Board with different options for this project.

Treasurer Report: Anne reported that the Finance Committee discussed a more efficient placement of our reserve funds. The Finance Committee has decided to move reserve money from the three different banks where it currently sits to Charles Schwab. A Charles Schwab Senior Financial consultant met with the Finance Committee last Friday to discuss this and answer questions. The Committee is making the recommendation to consolidate all of the reserve funds into Charles Schwab rather than three separate banks. Anne clarified that the money will not go into one account at Schwab; it will be laddered into different maturities based on our cash flow needs. The authority for the Finance Committee to do this falls under the Investment Policy that the committee has drafted for Board approval.

Motion to approve the draft Investment Policy. Motion seconded. All in favor. Motion Passed.

Anne explained that the Finance Committee has also created Contingency Funds Usage Guidelines for the Board in an attempt to protect the Contingency Fund since it is the only fund that the Assembly has to pay for discretionary projects. These are recommendations for the Board and are already practiced. This is a formality to ensure that future Boards will consult with the Finance Committee for guidance on contingency fund expenditures.

Motion to approve the Contingency Funds Guidelines. Motion seconded. All in favor. Motion Passed.

Board of Appeals: Bruce reported that the Board of Appeals will hold a hearing for a homeowner who is appealing a decision made by the IDC. The hearing has not yet been scheduled. Bruce explained that this particular application has been reviewed several times and the IDC has provided alternative suggestions to the homeowner. However, the homeowner does not want to accept these suggestions.

Covenants Report: Lori reported that the Covenants Committee has been working on addressing property maintenance issues. The Covenants Committee has now drafted maintenance guidelines. The plan of action is to develop a cover letter from the Committee stating why they are establishing these guidelines, which is basically because “in good repair and good order” is not a sufficient guideline for people to know how to maintain their property. The Committee plans to mail out the guidelines after an announcement in the June newsletter. The goal is to better define the covenant that states that owners shall maintain their property in good order and repair.

The decision was made that the Board should review and approve the guidelines before they are distributed to the rest of the community. A vote is deferred until the June Board meeting, thus allowing the Board time to review the guidelines for official vote and approval.

Lori mentioned that it was brought to her attention that we have a rule regarding satellite dishes, which has no validity because FCC regulations supersede our rules. After discussion, the consensus was to eliminate rule the next time a rule change is addressed.

The Covenants Committee has researched and discussed rules on short-term rentals. The Committee recommends that a rule be created stating that rentals cannot be for a period of less than 28 days and that a copy of the tenant contact information and lease terms be provided to the property manager so that we know the identity of the renter and how long they will reside in the property. Discussion followed on the enforceability of this rule and whether the Assembly should be responsible for maintaining this kind of information.

Motion made to prepare a draft rule, with the assistance of legal counsel, to prohibit rentals of any kind for less than 28 days duration. Motion seconded. All in favor. Motion passed.

Bob reminded all that a request to amend the I’On PD has been filed by the Lenos of 109 Ponsbury. The public hearing will be held before the Town’s Planning Commission on June 17, 2015. He asked whether the Board wants to formally oppose the request for amendment and whether a representative of the Board should appear at the hearing and make a statement?

Following discussion, *Motion made that the Board formally oppose the requested amendment to the PD and the Board President, on behalf of the HOA, send a letter to the Planning Commission in opposition to the amendment and speak in opposition on behalf of the HOA at the hearing. Motion seconded. All in favor. Motion passed.*

IDC Report: Bruce reported that Mike Russo is planning to build on his lot at 140 Civitas. The construction will be a 4 bedroom Bed and Breakfast and single-family residence.

Bruce also reported that the O'Brions ownership has entered into a lease for the restaurant facilities at 148 Civitas with the intent to open an Italian restaurant in January 2016.

Bruce reported that Phil Clarke has resigned from the IDC after many years of service. Julie O'Connor has been asked and has accepted taking Phil's place on the IDC. *Motion made to appoint Julie O'Connor to the IDC. Motion seconded. All in favor. Motion passed.*

Communications Report: Anne reported on a recent meeting of Aging in Place (AIP) working group. The working group is in agreement as to the need to distribute a survey to the neighborhood in order to gather more data. Distributing the survey will require access to the Assembly's email distribution list.

Bob noted that the AIP working group is not a formal group of the Board and the question is whether it is appropriate to provide this group with access to the email list. Because AIP is a topic of interest to many Titleholders, the suggestion was made to establish the AIP working group as an Ad Hoc committee of the Board.

Motion made to create an Ad Hoc committee for AIP consisting of the following:

Jan Pomerantz, Barbara Cole, Anne Register, Everett Wilcox, Becky Van Wie and Cynthia Rosengren.

Motion seconded. All in favor. Motion passed.

Bruce requested approval to send out an email blast regarding the upcoming IDC Open House. The request was approved.

Discussion followed regarding a recent email blast regarding the Butterfly Garden. Mike was asked to determine who authorized.

Motion made to authorize Ad HOC AIP committee to do survey and use HOA email addresses. Motion was seconded. All in favor. Motion passed.

There being no further business, the meeting adjourned at 10:20 pm.

Respectfully submitted,



Bob Davis
President

Document Prepared By:

Pearce Law Firm, LLC
1476 Ben Sawyer Boulevard, Suite 1
Mount Pleasant, South Carolina 29464

DECLARATION OF RESTRICTIVE COVENANTS
FOR
LOT CV-9, CHARLESTON COUNTY TAX MAP NO. 535-06-00-828
OWNED BY THE I'ON COMPANY, LLC

THIS DECLARATION OF RESTRICTIVE COVENANTS FOR LOT CV 9, CHARLESTON COUNTY TAX MAP NO. 535-06-00-828 **OWNED BY THE I'ON COMPANY, LLC** (hereinafter the "Declaration") is made this ____ day of April, 2015, by The I'On Company, LLC, a South Carolina limited liability company (hereinafter the "Declarant").

RECITALS

WHEREAS:

Declarant is the owner of the real property described in Exhibit "A", which is attached and incorporated by reference (hereinafter the "Property"). This Declaration imposes upon the Property (as defined in Article I below) mutually beneficial restrictions under a general plan of improvement for the benefit of the Owners of the Property and for the benefit of all owners of lots in the I'On Neighborhood and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Property; and

Section 156.007 of the Zoning Code of the Town of Mount Pleasant, South Carolina defines 'Civic Use' as: "Utility, educational, recreational, cultural, medical, protective, governmental, and other uses that provide public or quasi-public services and are strongly vested with social importance"; and

Examples of permitted civic uses are further described in Section 156.007 and other sections of the Zoning Code of the Town of Mount Pleasant; and

The Property is zoned for Civic Use; and

Declarant has represented in marketing materials and other correspondence that the area constituting CV-9 is to be "I'On Memorial Park"; and

Since 1996, Declarant has renovated, constructed, and maintained structures and landscaping on CV-9 consistent with those associated with a Memorial Park.

The I'On Assembly Board of Trustees acknowledges that CV-9 is zoned for Civic Use, and supports use of the property as a Memorial Park as described above and in Article I, Section A of this covenant.

NOW, THEREFORE, the Declarant hereby declares that all of the Property described in Exhibit "A" shall be held, mortgaged, transferred, sold, conveyed, leased, occupied and used subordinate and

The foregoing instrument was acknowledged before me by THE P'ON COMPANY, LLC, by _____, its _____, this _____ day of April, 2015.

_____(SEAL)
Notary Public for SOUTH CAROLINA
My commission expires:_____



May 12, 2015

Michael R. Parades, PCAM
I'On Community Manager
I'On Assembly, Inc.
C/o Southern Community Services
3301 Salterbeck Street, Suite 201
Mount Pleasant, SC 2946

RE: The I'On Meeting House

Dear Mr. Parades:

Thank you for your concern and resultant inquiry regarding a request for confirmation if the use advertised on the I'On Meeting House website is appropriate with the zoning and the approved PD for I'On.

It is first necessary to establish some parameters in the attempt to answer your question. The governing I'On Planned Development ordinance (Ordinance No. 97010) description of Civic uses is rather vague and is comprised of language found in the Impact Assessment document. It reads, "Throughout the community, specific sites are designed for civic buildings – neighborhood clubhouses, a scout den hut, churches and other civic uses." Also, reference is made to "Civic buildings for assembly, or for other civic purposes, sighted to act as visual landmarks and symbols of identity within the community." (This quote from the Mount Pleasant 1992 Comprehensive Plan appears directly above an image of the Mount Pleasant Presbyterian Church with the caption, "Structures like the Mt. Pleasant Presbyterian Church will serve as an inspiration for civic buildings In I'On".)

To the extent that provisions in the I'On code differ from those of the Town of Mount Pleasant code, they control. To the extent the I'On code is silent, the Town code may speak and controls. If neither the I'On code, nor the Town code adequately address a definition, the definition of Black's Law Dictionary controls per the Town code provisions.

The Town code defines a Civic Use as: "**USE, CIVIC** (also **USE, INSTITUTIONAL**). Utility, educational, recreational, cultural, medical, protective, governmental, and other uses that provide public or quasi-public services and are strongly vested with social importance. Examples may include, but are not limited to the following: city halls; post offices; police and fire stations; schools; museums; universities; public parks; meeting halls; libraries; transit centers; and parking structures."



The activities that I found listed on the referenced website are: “events, milestone celebrations of all kinds; weddings, a small soiree, reunion; also receptions, seminars, and business meetings.” Specifically mentioned in the Town code as a civic use, by way of example, are “meeting halls”. To the extent that such activities are “strongly vested with social importance”, any and all of the activities listed on the website could, therefore, be construed as a civic use, if conducted in a meeting hall.

Having said this, it is also important to expand the extent of review to determine if other provisions could apply. The Town code has a provision for an event venue use in certain zoning districts. Its definition is: “**EVENT VENUE**. A commercial facility used for the hosting of events such as, but not limited to, weddings, parties, or meetings, which does not meet the definition of high-impact entertainment.” The description of activities listed in this definition includes many of those listed on the meeting house website. The event venue use is not allowed in I’On.

The relevant concept here is that the event venue use is a commercial facility. Neither the I’On code nor the Town code defines a commercial facility. However, Black’s Law Dictionary, 10th Edition, in most relevant fashion defines commercial activity as: “**COMMERCIAL ACTIVITY**: An activity, such as operating a business, *conducted to make a profit*.” (Emphasis added)

So, the decision as to whether or not the activities conducted on the subject property constitute a legitimate civic use or an event venue use turns on the extent that such use is considered a business activity engaged in to make a profit for the business. There are commercial event venues in the Town whose purpose is to make a profit for the property owners. They are located in commercial zoning districts and may or may not involve activities strongly vested with social importance. The key is that they make, or attempt to make, a profit for the business over and above operating and maintenance expenses.

Regarding the I’On Meeting House, the Town has been informed by the property owner’s legal counsel of the following information: The construction of the same is to provide a satellite location for the Church of the Holy Cross, currently located on Sullivan’s Island. The church uses the property three days a week, plus holy days throughout the year. The church has an option to purchase the facility with the land donated by the property owner. The property owner intends to rent the facility *to cover expenses* (emphasis added) until such time as the church can assume ownership of the land and building. There is no guarantee rentals will occur, but it is the intent to do so. Both the church parishioners and the I’On Assembly have made aware of these intentions.

Currently, the only activities occurring on the property to the Town’s knowledge are church related activities, which are clearly allowed by the I’On PD as a Civic Use. No distinction is



made in the controlling authorities if rental to a church affects the civic nature of the use, if rental to the church is occurring.

The Town was previously involved in a similar dispute involving the civic use of the Creek Club. The Town's position was that such uses as described herein occur throughout residential areas in the town in neighborhood amenity centers and private buildings with similar uses such as Alhambra Hall, Creekside Tennis and Swim Club, Hobcaw Yacht Club and various private country club facilities. The venues mentioned obviously are not solely used for commercial profit and provide a benefit to their members and other persons. However, they are rented out for such activities as described above, and not necessarily exclusively to members, but the general public also. Such rental more than likely offsets facility operating and maintenance expenses, rather than creating a profit for the owners.

The Town would prefer not to become the arbiter of who is renting and how much rental is too much, but may if the need arises. Also, at present, the uses of the I'On Meeting House beyond religious activities are conjecture and may not occur at all. The Town may become involved if and when they do occur and become a problem warranting the Town's attention.

I trust this answers your question. Please contact me if you have additional questions or concerns.

Sincerely

W. Kent Prause, III, AICP
Division Chief/Zoning Administrator
Department of Planning and Development

Cc: G. Hamlin O'Kelly, III, Esq.
Christiane Farrell
David G. Pagliorini, Esq.

INVESTMENT POLICY FOR THE I'ON ASSEMBLY HOA

PURPOSE

The purpose of this document is to establish and document the investment philosophy for the reserve and excess operating cash assets of the I'On Assembly Homeowners Association (HOA); to state the goals and objectives and provide firm guidelines on allowable investment instruments; to assist the Finance Committee in effectively overseeing and monitoring investment activities; and to provide guidance to investment managers, if any, employed by the HOA.

The operating fund is defined as cash assets needed to fund the HOA budget over the course of the year. Reserve funds are defined as cash assets accumulated and segregated on the balance sheet to fund identified repair/replacement of long lived existing common property as projected in the most current Reserve Study over a multi-year time horizon.

GOALS AND OBJECTIVES

The primary investment objective of the reserve and operating funds is preservation of capital. The Operating Fund should maintain sufficient liquidity at all times with the maturity structure matching cash flow requirements. The Reserve Fund investments can consider the longer-term nature of the required expenditures. In both funds, yield/return, while important, is certainly secondary to the two aforementioned considerations.

INVESTMENT GUIDELINES

The Finance Committee may appoint one or more investment managers to execute the policy and to direct all or a portion of the reserve and operating funds in accordance with established policy. The reserve funds will be invested in either U S Government Securities or Government Guaranteed Agencies or Bank CD's covered by FDIC insurance. The maturity of these debt instruments should not exceed 5 years or one year prior to the date expenditures are forecasted whichever comes first. Excess operating funds are to be invested in short term money market funds held by a financial institution that is rated investment grade.

REVIEW AND MONITORING

The investment performance of the reserve and excess operating funds will be reported and discussed at least quarterly by the Finance Committee to assure that the general objectives of the Investment Policy are being met. As appropriate, the Finance Committee will report to the HOA Board of Directors.

Contingency Fund Guidelines

After several months of discussion, the Finance Committee is recommending the following guidelines for usage and monitoring of the Contingency Funds that are part of the I'On Assembly's reserve funds.

- As of April 30, 2015, the balance in the Contingency Fund account was \$134,875.
- \$18,000 of this total has been earmarked (by Board agreement in 2012) for crosswalks.
- \$20,000 will be earmarked to help cover a variance from the budget on transfer fee revenue if and when the annual receipts are below budget.
- Contingency Funds may be allocated by the Assembly Board for projects that would enhance the neighborhood. Such projects would have to have Board approval. The recommendation is that only 20% of the unrestricted balance in the Contingency Fund should be used for any one project. Twenty percent as of April 30, 2015 equals \$19,375.
- As Contingency Funds are used and as appropriate, the Finance Committee will consider a budgeted line item to replace the funds when the annual budget preparation work is done in the fall. This would help ensure that new projects have the opportunity to be funded.
- The recommendation for a base for the Contingency Funds is \$20,000. If there are restrictions set on specific amounts of funds - an example being the funding for the crosswalks, then the base would be \$20,000 plus other earmarked funds.
- All requests for usage of the Contingency Funds will be reviewed by the Finance Committee for guidance on how such usage will affect the balance in the Fund.