

I'On Assembly Board of Trustees Meeting

September 21, 2020

Members Present Via Conference Call: Johann von Asten, Tom O'Brien, Chris Colen, Julie Hussey, Trey Mathisen, and Amy Sage

Management Company: Jessica Gosnell and Mary Fraser

Homeowner Forum: John Bigler, 15 Leeann Ln; Rhonni Malino, 83 Latitude Ln; Nancy Allen, 15 Perseverance; Gail Young, 12 Boathouse Close; Bud Davis, 3 Edenton; Joanne Grant, 14 Jogging; Monika Bonn Miller, 37 Jane Jacobs; Robert Adams, 35 Eastlake; John Altergott, 90 Jane Jacobs; Joe Barnes, 27 Mobile; Marc Haro, 40 Robert Mills; Skip Runge, 19 Eastlake; John and Susan Shreves, 131 Ionsborough; Rob Brokaw, 68 Jogging; Rachel & Jeremy Anspach, 25 Duany; Neil Young, 12 Boathouse Close; Angela Armentrout, 31 McDaniel; Kay Chitty, 98 W Shipyard; Regan Cobb, 23 Mobile; Allen Mastantuno, 26 Mises; Barbara Simpson, 110 N Shelmore; Peter Wallace, 70 Ponsbury; Melissa Gilmore, 32 Mobile; Ken Shortridge, 15 McDaniel; Wendy Nixon, 344 N Shelmore; Karen Gilson, 34 John Galt Way; Lisa Garman, 3 Robert Mills; Cleary & George Simpson, 217 N Shelmore; Ed Clem, 167 E Shipyard; Lana Bilic, 9 Duany; Heather Emrich, 332 N Shelmore; Howard Buckner, 90 W Shipyard; Kathy Chambers, 190 Ionsborough; Vickie McGuire, 23 Unwin Way; Bob Fitzgerald, 185 N Shelmore; Simon O'Shea, 79 Hopetown; Gene Massimillo, 23 Perseverance; and Adam Monroe, 68 Jane Jacobs.

Introductory Comments from HOA Board President- Tom O'Brien

First off, I would like to say thanks to the over 320 I'ON residents who have completed the survey. As promised, the results have been made available to all homeowners as will the summary of tonight's homeowners forum comments.

The survey comments as communicated previously, will remain confidential. We will attempt to summarize the key questions, concerns and other themes from the survey and homeowner's forum and provide our responses to common questions where we can. We will be recording tonight's session to make sure we can capture everyone's comments.

Of course, at this point there are still so many unknowns, so some of the comments/questions we will not be able to answer.

We recognize that this is an important decision for the neighborhood which is why we are following the open & transparent process we have communicated.

We are NOT in a time crunch. Yes, the potential developers have dates/gates they would like to follow, but the Board is committed to completing our designed input process prior to any decision of Board support or not support.

To that end, as you have seen from the agenda that was sent out on Friday, we will not be voting on this proposal at tonight's meeting and will only take a vote if and when we believe we have enough information to do so. As you can see from the survey results, there are understandably a large percentage of homeowners who feel they do not have enough information to express an opinion. If helpful we can set up informational sessions and then potentially re-survey the community following those sessions.

Depending on the data we get back, the Board will decide on whether to vote to support/not support the proposal through the Town. Or we could also decide not to vote, and just share with the Town the collected community feedback we have received from our homeowner outreach efforts. That decision has not yet been made.

We have shared all of the information that we have currently received from the developers. The process of approval/denial will be 100% up to the Town of Mt. Pleasant, and they will require detailed plans including impact studies on how the proposed 14 additional homes and one HOA Civic lot would impact the community and its infrastructure.

This level of detail is something the Board wants to see as well, but that isn't available yet at this time as the developers are not that far along in the process.

If this proposal would go to the Town, homeowners would be provided advance meeting notices from the Town and there will be multiple "readings" when residents can go to the Town and voice their support or opposition to the plan.

To be clear, what currently exists on this property is one .46 acre platted civic lot and the I'ON developer has one more residential entitlement they could place in the remaining residual acreage.

Regardless of how this space has come to be and who currently owns it, it is private property and not green space or HOA property.

Also, just a reminder, the Board does have very limited ability to borrow money nor flexibility in our budget to enable us to purchase this property and make any of the suggested improvements such as a swimming pool, tennis courts, a large community center, or even leaving it as green space.

The rationale behind the proposed 1,000 sq ft building on the civic lot was not driven by lot size (which has approximately 8,500 sq ft of buildable space & adequate parking in the rear) but because it was something that the HOA could afford to construct based on the donated civic lot and revenue from the lot sale to the HOA.

Again, I'm not suggesting that this is the only solution and that other things could not be further points of negotiations if the community showed interest.

Lastly, for additional perspective we are often asked about the Creek Club and when the current lease would end. The earliest we would have an option to buy out the Creek Club lease would be 13 years from now for \$1 million dollars. If we were to plan to do so we would have to begin accruing for it in our annual budget process. Of course, something of that magnitude would also be communicated for community feedback prior to taking any action.

Tom expressed this will be a lengthy process with multiple communications being sent out, etc. Tom responded that we will begin working on summarizing all questions and comments from the homeowner's forum as well as the survey to distribute answers for the community as well as sending questions and comments to the developers in order to plan future meetings. He expressed the fact that the survey was sent out in an effort to remain transparent. Lastly, he asked that residents send any specific questions for the developers to Jessica so that she can pass those along to the developers.

The homeowner forum adjourned at 7:32pm.

Call to Order: 7:33pm by Tom O'Brien

Approval of Minutes:

Julie Motioned to approve the August 17, 2020 I'On Assembly Meeting Minutes. September 14, 2020 Special Meeting Minutes. Chris Seconded. All in favor. Motion passed unanimously.

President's Report:

Tom provided a brief update on the Waterfront Enhancement project, stating that it is going well and looks great so far. He commented that this project was a top item that the community wanted to see completed as reflected from a previous year's survey, so we are looking forward to its completion.

Treasurer's Report:

Johann updated the Board on the anticipated year end deficit that was discussed at last month's Board meeting. He stated that the finance team was able to reclass a few expenses in order to offset the previously anticipated \$90,000 year end deficit. After these changes were made, we now expect a deficit of around \$20,000 at year end. The new soon to be installed canal circulators will be paid out of capital projects instead of operating. This was done since the circulators are new and are a capital improvement. Since we have capital funds to use, we thought it best to fund the circulators from capital rather than operating. The reserve study expense was re-classed to be paid out of the Reserves instead of legal/professional operating line item. We received confirmation from Ravenel's accounting department that reserve studies can be paid out of operating or reserves and auditors are ok with either option. These minor changes will help reduce the deficit we were expecting to see if those items had been paid from the operating account. Johann then touched on the reserve account interest income that has been earned so far this year. Initially, any reserve interest income earned was going to be allocated towards capital projects as long as the required reserve funding was met for the year. 2020 Reserve funding was met thanks to transfer fees and the budgeted 2020 contribution from the operating account. We are no longer planning to spend all of the capital funds this year since we are holding off on the entrance enhancement project, so the interest income could be put into the operating budget to have a

more balanced budget at year end. Tom expressed his support for this idea based off the fact that we likely will not be earning any interest next year due to the current very low interest rates. Jessica relayed that the interest we have earned on the reserves at the end of August is \$23,480 and noted that we originally planned to allocate \$22,000 from interest earned to go towards capital projects. Julie inquired about an option to invest HOA reserve funds into an account like the SC Community Loan Fund. She said the Loan Fund had a decent interest rate and thought that instead of letting the funds sit in a traditional savings account or CDs like they currently do with Schwab, she thought it would be an opportunity for our reserves to put to good use in the community while still earning interest for the neighborhood. Johann said he would look into it and will reach out to Paul to ask for his opinion on this idea.

Johann made a motion to re-allocate up to \$23,000 of 2020 reserve interest income into the operating account before the end of the year. Julie Seconded. All in favor. Motion passed unanimously.

Next, Johann went on to review the draft operating budget with the Board. He stated that Jessica went through the budget, line by line, to see where we can potentially save and where increases were necessary. He reiterated that the major factor in the need to increase the annual assessment is the requirement of increasing the annual reserve contribution due to the newly discovered cost for the full replacement of the bulkheads. If we did not have this need, we would not be required to increase the assessment yet. The draft budget provides an option for a \$150 increase as well as a \$200 increase in the annual assessment. Jessica outlined the line items that would be affected by the \$150 increase vs \$200 increase. With a \$150 increase we would have to reduce the Plants/Tree Replacement line item, Legal, repairs maintenance, marsh path maintenance, and capital project funding. While reviewing these options, the finance team agreed that a \$200 increase would be the best option as we could ensure we are adequately funded to properly maintain the community at the level that is expected and needed. It was noted that we plan to enlist an engineer to draft actual plans bulkhead replacement plans and then we will obtain bids from contractors on those plans so that we have actual numbers on the bulkhead replacement costs rather than estimates from contractors that were not based off an engineered plan. That the new replacement cost number, if less than the estimated replacement cost of 4.5 million, may enable us to reduce the additional required reserve contribution come 2022. There is also a chance it could be higher, but our hope is it will be less than anticipated. Trey

inquired if we would then be able to lower the assessment if the bulkhead replacement costs come back lower than what we currently have. Johann responded that this could be a possibility, but likely we would not be able to reduce the assessment amount, as we will still have significant catching up to do to properly fund for the bulkhead replacement even if it is less than 4.5 million as it has not been adequately reserved for thus far. For now, the increase is needed based on the information we currently have on hand. The Board expressed the transparency they have had with this process and noted the importance surrounding how we will communicate this increase to the community. It should be clear that this is a new discovery that was previously missed when past reserve studies were completed. We cannot delay increasing the assessment for 2021 when we now know this information. Tom voiced the need to ensure we are maintaining and keeping up with all areas in the community, stating his agreeance in raising the assessment \$200 so that we can do this.

Johann then touched on revenue items that may be able to be increased for 2021. He first pointed out the contract landscaping line item. Jessica will be reaching out to The Greenery to see why we aren't seeing more of a cost savings due to the fact that the crew will no longer be maintaining right of ways as well as less leaf blowing throughout the year. Johann also touched on possibly increasing the boater registration fee from \$25 to \$100. Increasing the fee is justifiable due to dock maintenance costs such as, water to the docks, staffing expenses, insurance, etc. He also mentioned future possibilities of adding cameras, hiring staff, and other items that might pop up throughout the year. The Board decided to increase boater registration costs to \$50 instead of \$100. Johann also touched on an increase in IDC revenue due to the restructuring of the fee schedule which will be touched on under the IDC report.

Lastly, Jessica stated that the availability of annual assessment payment plans will be communicated to homeowners in the billing letters that are sent out along with the assessment invoice. She also mentioned that residents can technically start making incremental payments beginning in November as long as the balance is paid in full by January 31st.

Johann will present the finalized budget at the October Board meeting in order to obtain final approval before billing is sent out in November.

Amenity Report:

Trey reported on how great the Waterfront Enhancement Project is coming along, stating that the project is well underway and should be wrapping up soon. He also touched on a few change orders that have been made. He stated that the cost of lumber increased due to a shortage, therefore our cost for the timbers increased by \$1,100. He also stated that we had to replace an area of sod that was damaged while digging up the path for the installation of the electrical conduit, which cost \$800. A new power meter has been installed for landscape lighting and irrigation in the parking lot. He also mentioned that electrical conduit was run to the dock so that we can run power to the dock at some point in the future. The brick edging and oyster shell for the seating area next to the loading dock should be completed by Friday. He briefly touched on the placement of the furniture, stating that some of the items may need to be secured so that they cannot be easily moved. We are still waiting on the furniture to arrive.

Lastly, he stated that we are going to possibly look at not rekeying the boat ramp lock this year. We will still be ordering different colored decals for 2021 and boaters will still have to register for a new decal, but we may not re-key the ramp lock.

Communications Committee:

Chris first provided a brief update on the annual directory printing. He stated that we have received 8 ads thus far, resulting in an offset of \$2,180 to the printing costs. He stated that we will be sending all files over to AccuPrint no later than October 12th in order to meet the deadline to deliver with the Giving Lights on November 21st.

He also updated the Board on recent renewals made on the website, stating that the next renewals won't be made until September of 2022.

Lastly, Chris stated that an I'On resident has agreed to assist with the community website and is willing to become a member of the Communication Committee.

Motion to add Chris Hughes to the Communications Committee. Motion Seconded. All in favor. Motion passed unanimously.

IDC Liaison Report:

Julie first mentioned that Dana is working on shifting her office hours. She stated that it has been difficult for Dana to get all of her work done in the 4-hour time period per day that she is currently allocated to work. She will now be working 3

days a week for 7 hours a day. The IDC believes this shift will enable her to use her time more productively and to make it easier to limit her hours to the agreed upon and budgeted part-time hours.

She also provided the Board with the attached proposed application fee schedule. This proposed schedule includes limiting the amount of review items that can be placed on each application. She stated that these changes are necessary to help offset the IDC's cost in our budget, to provide some leverage in IDC decisions, and to acknowledge the role contractors have in building what was approved on the plans.

Lastly, Julie stated that the IDC is examining its budget for how the professionals are being paid.

Johann asked Julie how much she thought these changes might generate in revenue while comparing how many submittals the IDC receives, and inquired if the IDC could ever be self-funding to cover the full expenses they incur.

Landscape and Infrastructure Report:

Amy first reported on the 6 additional streetlights that homeowners have requested. She stated that the committee looked at each of the proposed locations to see if lighting is really needed and to see how the additional lighting might impact adjacent neighbors. Jessica will be contacting the adjacent homeowners around these proposed locations to let them know that new streetlights may be added, and gather any feedback they might have. She reported that the cost came in at \$11,923 for 6 additional lights and it would be paid out of the reserve budget as we haven't spent the \$3,000 that is allocated each year in the Reserve Study for street light replacement. Johann stated that this expense should be paid out of operating since these are new items. We budget \$3,000 each year for streetlight replacement in the operating budget and we have not spend that in many years, so Johann recommended paying for these out of operating budget using street light funds that we have not spent over the past few years. It was also noted that Jessica is waiting to hear back from Dominion Energy on the cost and replacement of the streetlight that was run over by a vehicle on Prescient street. Johann recommend the replacement of this streetlight be paid for out of reserves since it is existing.

Johann made a motion to add up to 6 additional streetlights for up to \$11,923. Trey Seconded. All in favor. Motion passed unanimously.

The Landscape Committee will be reviewing capital items they would like to see completed in preparation for the October Board meeting. They will also be discussing the plant/tree replacement line item in further detail.

Jessica updated the Board regarding removal of the canal/bulkhead vegetation that was previously approved to be done by Lake Doctors back in March. Lake Doctors backed out and she has struggled to find other contractors that can or will do this work. She stated that she has finally received 2 additional quotes, one from Solitude for \$16,000 and the other from Estate Management Services for approximately \$7,000. She has received 4 bids on this so far and she stated that she is looking to get one more quote and hopes to have it by the next meeting in order to have this re-approved.

The remainder of her report can be viewed in the packet.

Covenants Committee:

Eric first reported on covenants violations that have now come into compliance. He thanked Mary and Jessica for their continuous follow up on these properties. He also stated that many owners that have been sent letters asking that they plant their adjacent right of way strips. Many owners have done so and we have received little to no pushback on this matter from the majority of residents.

Lastly, he stated that we have made good progress on trash and recycling bin screening.

Board of Appeals: No Report

Other Business:

There being no further business to come before the Board of Trustees, the meeting adjourned at 9:09 pm. Next meeting is on October 19, 2020.

Respectfully submitted by _____

Chris Colen, Board Secretary

**I'On Assembly
Board of Trustees
Special Meeting via
Conference Call
October 15, 2020
8:30 am**

Members Present: Amy Sage, Johann von Asten, Chris Colen, Trey Mathisen, Julie Hussey, & Tom O'Brien

Members Absent: Eric Krawcheck

Management: Jessica Gosnell

Call to Order: 8:34 am by Board President Tom O'Brien

8:34 am Tom made a motion to move into Executive Session. Julie Seconded. All in Favor. Motion passed unanimously.

9:23 am Amy made a motion to leave Executive Session. Julie Seconded. All in Favor. Motion passed unanimously.

Motion to provide a summary to the Town of Mt Pleasant of the Phase 11 development proposal information process that was followed as well as the actual survey data received (without names). Amy Seconded. All in Favor. Motion passed unanimously.

Motion to choose not to take an official Board vote and stance on the Phase 11 proposal based on the survey data not being overwhelmingly positive or negative in either direction. Julie Seconded. Five in favor. One opposed. Motion Passed.

9:33 am Tom made a motion to adjourn. Amy Seconded. Meeting adjourned.

Respectfully submitted by _____

Chris Colen, Board Secretary