

I'On Assembly Board of Trustees Meeting

July 19, 2021

Members Present: Tom O'Brien, Trey Mathisen, Michael McLaughlin, Johann Von Asten, Julie Hussey, and Erik Glaser (auditor)

Members Absent: Chris Colen and Amy Sage

Management Company: Emily Simpson and Mary Fraser

Homeowner Forum: Ed Clem, 167 E Shipyard Road; Bob Adams, 35 Eastlake Road

Ed Clem first commented on how great the front entrance enhancement looks. He also expressed his interest in learning more about our plans to purchase the Creek Club. He voiced his concerns of what our plans would be to refund the reserves after a purchase like this. Johann responded that we have no obligation to have a balance sheet on the Creek Club, so this asset is not reflected on the books. Erik provided his insight on this topic as well, reiterating that this kind of purchase would not be reflected in the financials. He expressed how well funded our association and noted our well managed operations. Tom stated that we will discuss this topic further under the President's report.

Call to Order: 6:07PM by Tom O'Brien

Approval of Minutes:

Johann made a motion to approve the June 21, 2021 I'On Assembly Meeting Minutes and the June 30, 2021 Special Meeting Minutes. Trey Seconded. All in favor. Motion passed unanimously.

President's Report:

Tom made a motion that a reserve fund be established and maintained for the purpose of reserving the amount of funds, with the inclusion of a 25% down payment to be made 18 months from the day of notice, that would be required to exercise the Assembly's option to buy out the two (2) Option Periods of the Creek Club lease in 2034 pursuant to Section 23 of the Creek Club lease, in order for such funding to be available for that purpose at that point in time. The reserve fund may either be a separate reserve fund established solely for this purpose or an existing reserve fund maintained for multiple purposes. Julie Seconded. All in favor. Motion passed unanimously.

It was noted that future Boards can make a different decision on this matter but would like to have this documented to reflect the current Board's thinking so that future Boards can reference at a later time. Johann expressed that if we did purchase the Creek Club, we would need to create some sort of revenue stream, similar to the wedding revenue we receive now, but that would also benefit the homeowners.

Next, Tom went on to discuss the proposed PD amendment with the Town of Mt. Pleasant regarding the inclusion of overhangs now being counted in building footprints. We received the below statement from Shawn Willis, the HOA attorney.

The purpose of the request to amend the PD is because the I'On Code currently says that outbuildings "shall have a maximum footprint of 625 square feet." However, the word footprint is not defined in the I'On Code. According to the Town of Mount Pleasant's Code of Ordinances, the definition of building footprint is "All parts of a building that rest, directly or indirectly, on the ground, including, but not limited to: garages, bay-windows with floor space, chimneys, porches, decks, cantilevered floor space or decks, and covered breezeways or walkways." In the Town's definition of footprint, there is no reference to roof overhangs or eaves. Recently, the Town has started including roof overhangs and eaves in the calculation for an outbuilding's footprint. A significant amount of feedback was received from the community regarding this issue, and believes that it is in the best interest of the community for roof overhangs and eaves to be excluded from the calculation of the maximum footprint for outbuildings.

To proceed with filing the application for the PD amendment, a vote was required from all Board members. An email was sent to all Board members on July 2 requesting members to submit their vote in favor or against having the Association's attorney to proceed. The vote passed unanimously for the Association's attorney to proceed with filing the PD amendment application with the Town. Our attorney is currently working on completing the application and will have it submitted prior to the due date of July 21, for this proposed amendment to be on the agenda for the Planning Commissions meeting on August 18.

Tom made a motion to proceed with the PD amendment as discussed. Johann Seconded. All in favor. Motion passed unanimously.

Treasurer's Report:

Johann provided a brief review of the executive dashboard, pointing out several items. He stated that both IDC and Dock Closures have brought in a significant amount of revenue at this point in the year. He also touched on AR revenue from violation fines that have been collected, stating that fines are not considered to be actual revenue as it is not budgeted to collect these funds. Under expenses, Landscaping is currently over budget. He relayed that some of this is due to timing, and some is due to the additional street blowing. Insurance and Taxes are currently under budget. However, Insurance will be paid in July and the amount is expected to increase. Legal is also under budget thus far this year. If Legal stays under, it should be expected to have a surplus at year end.

Johann stated that \$125,000 has been transferred into the strategic reserve category which was approved at last month's Board meeting. Year to date, reserve expenses are \$89,000 and should expect to be at \$140,000 by year end. It was noted that this number is reflected from items that actually need to be replaced/maintained per the Reserve Study. Emily noted a few reserve projects that are currently in the works. She stated that the Westlake Path Erosion Project is in the works as well as the Street Light Replacements, Boathouse Decking/Railings, and the Montrose Alley Retaining Wall. She stated that she anticipates spending about \$40,000 more from the reserve fund which would leave us at \$130,000. This would still leave us under budget.

Erik Glaser provided a brief summary of the 2020 audit report to the Board. He first expressed that the association is very well funded. He stated that while conducting an audit, it is important to gather an understanding of the internal

controls of management to see that their procedures follow best practices. He stated that the internal controls are very well operated and noted the fine tuning of the separation of accounts like the construction deposits. He also expressed that both the Operating and Reserve funds are healthy, stating that the association has more cash than prepaid assessments which is very good. Erik also took an in depth look at the reserve study while conducting the audit. He stated that the reserve study looks good and is accurate as far as timing. The next study is scheduled to be conducted in 3-5 years. He also mentioned that many of the replacements are items that don't actually need to be done for quite some time. Erik expressed his professional opinion of conducting an audit in the 3-year time frame for an association such as ours. Johann inquired why the audit reflected a 72% accuracy and not an accuracy of 100%. Erik responded that in 2016, the association was 95% funded and that in 2020, we are 72% funded. He noted the big-ticket items of the reserve study being the bulkheads, dredging, and the paths. Since 2016, there was an increase of \$5.3 million in the replacement reserve items. The biggest reason for this decrease is the newly known cost for replacing the bulkheads. The previous reserve study calculated \$500,000 for their replacement, but we now know that it will cost approximately \$4.6 million to replace the bulkheads. It was noted that we just recently started to fund for the bulkheads, so that is a significant reason why the number dropped from 95% to 72%. The docks were also added to the reserve study. Overall, Erik stated that the association is in very good standing and noted that most HOAs are funded at 10%-50% so we are operating very well in comparison. Lastly, Erik mentioned that managing expectations of the engineered plans for these replacements will need to be a focus in the next review. The next audit needs to reflect the updated reserve study estimates, which is to be completed in 2025.

Amenity Report:

Trey expressed that he hasn't seen much negative behavior down at the docks like we were experiencing last year. The security cameras seem to be a good addition for deterring some of the poor behavior.

He also stated that we have 91 registered boaters so far this year and that the boater contact spreadsheet has been sent out to all boaters.

Lastly, he mentioned that the railings at the pierhead will be repainted this month.

Landscape and Infrastructure Report:

Emily provided a brief report on Amy's behalf. She stated that the turf replacement at Westlake began today. The Greenery will be applying the second spray of flight control in a few weeks. She also stated that Kelly Messier is working on the plans for Perseverance Park and that we should have these plans to review in August. She mentioned that The Greenery's aquatics division is continuing to monitor the algae growth in the lakes. Emily also relayed that the Landscape Committee discussed the erosion issues at the north end of Eastlake at their last meeting. The team is committed to working on a plan to both ease the erosion and enhance the water quality through the use of plants around the lake.

The committee has also drafted a policy surrounding memorial benches which requires a Board vote. See attached policy.

Johann made a motion to approve the Memorial Bench Policy with the adding, "if a replacement is not purchased, an effort will be made to contact the original owner. If we do not receive a response, then management will keep the plaque on hand for a maximum of one year". Trey seconded. All in favor. Motion passed unanimously.

It was noted that the Mathis Ferry buffer will not be able to be worked on until Winter. Johann expressed that we should allocate more funds for the buffer while putting the budget together for next year. We should be getting the proposal for this soon so will ask Charleston Tree Company about solidifying this number, so we do not have to wait until next Winter to complete this project.

IDC Liaison Report:

Mike stated that there is not much to report on this month as the IDC only held one meeting. He relayed that there was a total of 22 submissions this month. 3 were "Conceptually Approved", 4 were "Not Yet Approved", 4 were "Approved with Conditions", 5 were "Approved", 3 final inspections were "Approved", and 3 submittals were "Approved" by Dana.

Julie mentioned an issue with the Town interfering with the height of a wall that was approved to be constructed between two homes in the neighborhood. Similar to the outbuilding measurement, the Town appears to be changing how they are measuring wall height. We are working on clarifying matters in the I'On Code versus Architectural Guidelines with the Town.

Covenants Committee:

No formal report.

Communications Committee:

Julie stated that the team was not able to meet this month due to several members being out of town. We hope to schedule a meeting for the end of the week.

Secretary: No Report

Other Business:

There being no further business to come before the Board of Trustees, the meeting adjourned at 7:01pm. Next meeting will be held on August 16, 2021 at 6:00 pm.

Respectfully submitted by _____

Julie Hussey, Board Secretary

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