



**MEMORANDUM**

permar

**DATE:** December 28, 2009

**TO:** Trenholm Walker

**CC:** Buddy Darby, Townsend Clarkson, Leonard Long, Jr., Joe Bunting

**FROM:** Mark Permar

**RE:** Kiawah Island Community Association  
**80% Calculation** Formula Update

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Per your request, I have reviewed select documents to determine and update the number of residential lots, and dwelling units that have been sold to Type A Members, as described in the KICA Covenants for Kiawah Island (Numerator). Additionally, I have reviewed documents to determine the maximum number of authorized lots and dwelling units (Denominator). A listing of key assumptions and findings are as indicated below:

I. Determination of the Numerator

A. Assumptions:

1. All residential lots and units that have been conveyed are counted individually.
2. All development tracts that have been conveyed by Kiawah Island Company, Ltd. (KICL), Kiawah Resort Associates (KRA), or Kiawah Resort Associates, L.P. (KRA, LP) to sub developers are counted equivalent to the number of lots or dwelling units that are yielded from such conveyance and platted within designated time period for calculation (i.e., Royal Beach - 21 lots, The Enclave - 18 lots, Turtle Beach I - 31 lots, etc.)
3. Every effort was made to count multiple lots that were later recombined into fewer lots.
4. Only lots and dwelling units in the old Royal Subdivision (Eugenia Avenue, David Street) subject to KICA voting rights are included.

B. Findings:

- |  |           |
|--|-----------|
| 1. Properties conveyed by KICL to third parties prior to KICL deed excluding lots or dwelling units within the old Royal Subdivision   | 2,623     |
| 2. Properties conveyed by KICL (after sale of certain improved lots and dwelling units and unimproved land to KRA) and by others (Royal Beach Subdivision) to third parties as of December 9, 1996 | 117       |
| 3. Properties conveyed by KRA/KRA, LP between June 28, 1988 and December 4, 2009 to third parties, excluding lots or dwelling units within the old Royal Subdivision                               | 1,370     |
| 4. Old Royal Subdivision Type A members (Categories I, IIA, IIB, III)  | 43        |
| 5. Lots eliminated by Type A members recombining lots of record resulting in fewer lots of record  | -25       |
| 6. Lots created as Type A members as a result of the approval of Royal Palm subdivision (phase 1)  | <u>10</u> |

Total 4,138

II. Determination of Denominator

A. Assumptions:

1. Maximum number of authorized lots and dwelling units is determined by the sum of lots, dwelling units and preliminary plats on Kiawah Island as approved by the appropriate governing body as of October 12, 2005 plus 1,184 total vested units as described in Exhibit 13.2 Parcel Specific Development Standards, of the Development Agreement by and between Kiawah Resort Associates, L. P., and the Town of Kiawah Island.
2. This determination is further broken down as listed below in an effort to clarify the summation components.
3. The remaining Royal Parcels yet to be further subdivided are counted as one lot each.
4. Every effort was made to capture multiple lots that were recombined into fewer lots resulting in fewer authorized lots and dwelling units.

B. Findings:

|   |       |
|---|-------|
| 1. Properties conveyed by KICL to third parties prior to KICL deed excluding lots or dwelling units within the old Royal Subdivision  | 2,623 |
| 2. Properties conveyed by KICL (after sale of certain improved lots and dwelling units and improved land to KRA) and by others (Royal Beach Subdivision) to third parties as of December 9, 1996                        | 117   |
| 3. Properties conveyed by KRA and KRA, LP to third parties as of January 28, 1994 excluding lots or dwelling units within the old Royal Subdivision   | 560   |
| 4. Properties owned by KRA, LP as of December 4, 2009 and listed as company property for sale (17) and approved but not for sale (35)   | 52    |
| 5. a) Royal Parcels yet to be further subdivided  | 5     |
| b) Royal Parcel D (i.e. Royal Palms Phase 1)  | 10    |
| 6. Old Royal Subdivision  | 75    |
| 7. Maximum number of vested units as described in the most recent Development Agreement (Approved Oct. 12, 2005)  | 1,184 |
| 8. Vested units reduced by "the total number of residential lots subdivided by KDP (Kiawah Development Partners) at Cassique and sold to third party purchasers" per the Access Agreement entered between KRA and KICA. | -73   |
| 9. Lots eliminated by Type A members recombining lots of record resulting in fewer lots of record   | -25   |
| 10. Properties conveyed to third parties between January 28, 1994 and October 12, 2005  | 790   |
|   | 5,318 |
| Total   | 5,318 |

Sources for this analysis included summary listings of deed transfers, real estate sales summary reports, property availability listings, and various plats. These were provided by the offices of Thomas G. Buist, Southeastern Surveyors, Sandy Hughes, Beth Nimmons, Tammy McAdory, and Ray Pantlik.