

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

FINANCE COMMITTEE

Meeting Minutes

June 23, 2021 at 10:00 a.m.

Members Present:

Alex Fernandez, Jeff Porter, Lisa Mascolo, Jerry Honea, Paul Hennessy, Paul Hough, Bran Petranovic

Others Present:

Dave Morley, Brad McIlvain, Townsend Clarkson, Gaye Stathis

Staff Present:

Johnny Wallace, Director of Finance, Shannon White, COO, Pam Brady, Controller

Meeting Minutes

The May 26, 2021 minutes were amended in the section called “changes to the investment policy”. The vote to approve as amended was unanimous.

A recommended change to the Investment Policy to include an annual disclosure to the membership of the investment results was discussed.

- Additional conversation included adding to page 1 of the attachments a footnote referencing the policy and a definition of the estimated construction inflation index.
- Add into the policy statement a summary of appendix A - asset classes instead of the detail as presented, with additional information available upon request.
- Finance Committee to make period recommendations to the board on the construction index used. The committee will discuss this in future meetings.
- It was confirmed that the policy would be posted on the website.

The committee was unanimous in recommending this to the Board..

Paul Hennessy reported on the Depreciation Policy, commenting that the policy is straightforward and related to operating equipment of the association. Disclosure and how to articulate the categories of reserves, MRR, Depreciation, Storm, etc., is a broader issue



needed to better define the total reserve position. The plan is to create a template to break down the different reserve categories embedded in the balance sheet to clarify for the membership what the reserve surplus status is, where it is, what it is, why it exists, and what the relevant governance for the different components is.

Moving forward, the balance sheet will be posted quarterly. Initially, the Depreciation disclosure will be posted annually.

The Audit RFP results and recommendation was discussed. Lisa Mascolo and Jeff Porter reviewed the three finalists as compared to the 11 key differentiators and interviews. The committee was unanimous in its final recommendation to the Board of Keefe McCullough.

Staff is to contact the provided references.

Road Standards Initiative and Funding was discussed. Modeling of the Reserve Study is requested to include an accelerated schedule. Financing a decision to raise standards will be part of the budget process. Bike paths, roads, boardwalks, landscaping are the four major areas the board is reviewing for standards and affect reserve spending. The reserve funding/policy to include the aggregate reserves and its components will be part of the overall conversation to ensure all reserve aspects are considered.

Cyber liability Insurance quotes have been received, the cost is nominal. Alex and Johnny Wallace will have a follow-up meeting with Aon, and Alex will make a recommendation to the Board in July.

Proposal to pay off an existing loan of \$349,000 with a 2.9% interest rate. The recommendation is to pay off the loan with the current \$1.5 surplus funds. Discussion included reconciling the paydown of debt vs. creating debt for standards improvements. The committee was unanimous in recommending this to the Board.

Respectfully submitted,

Holly Newman, Administrative Services Manager

