

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

Reserve Fund Policy Statement

Introduction

- The Reserve Fund was created to allow KICA to be prepared for significant capital asset replacement and to fund large future expenditures identified in the annual asset reserve study.
- The purpose of the multi-year funding plan is to adequately fund the reserve, so KICA can have a low risk of cash flow problems and a minimal risk of special assessments.

Objective

- The purpose of the KICA Reserve Fund Policy is to define the policies, guidelines, and objectives of the reserve; and to create a framework to evaluate the funds ebb and flow annually.

Delegation of Responsibilities

- The Board of Directors (the “Board”) has sole authority for all decisions that shape the reserve policy and strategy.
- The Finance Committee (the “Committee”), acting in a fiduciary capacity, is accountable to the Board, and is responsible for recommending the:
 - Reserve Study Consultants
 - Reserve Policy guidelines and objectives
 - Reviewing the Reserve Fund experience quarterly
- The Reserve Study Consultant, acting in a fiduciary capacity, is responsible for:



- Assisting the Board in the development of the Reserve Fund policies, guidelines, and objectives
- Preparing and issuing an annual Reserve Study

Policy Statements

- The goal of the Reserve Study is to consistently increase the annual reserve contributions to offset the annual deterioration cost of infrastructure.
- The end goal is to maintain up to 50% funded level over the life of the infrastructure replacement schedule. (See Reserve Study.)
- The Reserve Fund assets (including inflows/outflows) are to be reviewed quarterly by the Committee. Any recommendations regarding “Contribution to Reserves Adjustment” should be made no later than the September Board meeting.
- Up to 15% of the Contribution to Reserves Fee collected by KICA on an annual basis is available for use to cover the costs of the administration and management of the CTR Fees program.
- A representative of the Reserve Study Consultants is to have a phone or in-person meeting annually with the Committee to ensure goals/policy is being accomplished.
- A copy of the annual Reserve Study Executive Summary is to be posted to www.kica.us to be available to the community.

Recommended by Finance Committee on 11-24-2021. Approved by KICA Board on 12-6-2021.

