

KIAWAH ISLAND  
**COMMUNITY**  
ASSOCIATION

## FINANCE COMMITTEE

# Meeting Minutes

July 27, 2022 at 10:00 a.m.

## Bobcat Hall & Virtual

### Members Present:

In Person: Alex Fernandez, Paul Hough, Debbie Diddle, Paul Hennessy

Virtual: Michael Petrecca, Jeff Porter

Guests: Brad McIlvain, Board Secretary

Not Present: Bran Petranovic, Jim DiLella

### Staff Present:

Shannon White - COO, Dale Schoon - Director of Finance, Tony Elder - Director of Operations, Ellen Festa – Executive Assistant

## Meeting Minutes

Alex F. called the meeting to order. Motion requested to approve June 1, 2022 minutes. So moved by Michael Petrecca, seconded by Jeff Porter. Minutes passed unanimously.

Alex F. stated that we have had our current Investment Manager for 4 years. Per our policy, we should go out to bid every 3-5 years. The Finance Committee voted to go out to bid to check the markets. RFP letter has gone out to 7 firms (including our current Manager - responses due back by August 15th. A working group (Alex Fernandez, Michael Petrecca, Bran Petranovic and Dale Schoon) will review the bids between August 15th and September 1st, conduct interviews and come back with a recommendation by October.

Dale reported that he has filled the Controller position and the Accounts Payable position – both candidates start on August 3.



Paul Hough asked if Dale feels he has the appropriate resources to do everything asked of him. Dale stated he does and is looking forward to building the group into a cohesive team. Alex said Dale has done a great job which is evidenced by how timely we are able to report on our 2Q financials.

Paul Hennessy asked if Dale would be performing the IT role – it was indicated that this function has been moved to Director of Ops and is being outsourced.

Dale presented the 2<sup>nd</sup> Q Financials

### **Finance Committee Member comments and questions**

Alex stated that KICA receives an annual fee collected for bike decals. For 2023 Budget, these fees should be moved to Reserve since it's related to wear/tear.

Debbie D. – synchronize Comcast Revenue and Comcast Royalty.

Paul Hennessy asked if we will look to do more budget forecasting. Dale stated that it is one of his goals. Paul Hough commented that we should determine if forecasting is useful to any decision making. Lot of moving parts involved in forecasting piece.

Alex provided information about HR Staffing initiatives and associated increased expenses which will need to be looked at for 2023.

Paul Hough commented that we should be way out in front of sharing potential assessment increases with membership. Cash surplus has covered any increases up to now, but at some point, this will change and an eventual increase is down the road.

Alex commented that we need to look at Commercial decal costs – this hasn't been looked at in a few years – potential for revenue increase. Paul Hennessy asked about UPS, Amazon, and FedEx etc. that don't pay decal fees – revisit this.

Paul Hennessy asked about the impact of the \$3M road project on Reserve and if this is favorable or unfavorable. This analysis was done previously.

Have Stantec provide road paving estimate on remaining roads for future budgeting purposes.

Paul Hennessy asked about definition of sweep \$\$ in Operating cash. Dale will clarify this for Paul Hennessy. Paul Hough said the average member may not understand the Cash Analysis sheet and suggests we reduce the detail and simplify for membership.

Short discussion on clarifying the “Designated Fund Balance” category. Information only, not released to membership. Funded depreciation is being worked on.



Paul Hennessy commented that the analysis does answer (2) important questions:

- Where's my money?
- Why is it where it is?

Membership is entitled to know how much money sits in approved Board accounts. Tying this to an audited Financial Statement is important. It was suggested that we create a template that shows this and possibly go back to 2021 so the committee can agree on template to use going forward. Paul Hough said it's important to use this for purposes of decision making, not just communication to members.

Paul Hennessy commented on another critical financial function as it relates to MR&R reserves. Significant work still needs to be done on process, governance, decisions, disclosure and adequacy of the Reserve – he doesn't feel it's adequate.

Brad commented that an online forum of Community Association Institute is conducting a survey that is looking at standards as it relates to Reserves. This may be helpful to us to see if we are in alignment.

Alex commented that we've done a lot of work with our Reserve Specialist, Board has looked at our reserve situation, created a Reserve Policy and has agreed that we will reserve up to 50%. This can be revisited in the future and is something we will always continue to look at.

Paul Hough commented that with respect to Dale's resources, we need to ensure that we're not chasing a solution if there's no problem.

### **Member Comments**

Member commented that audio is better but still needs improvement. Question on delay in A/R? Dale indicated that contributing factor is staffing and performing correct billing reconciliation. This will improve as accounting staff increases.

Member commented on Depreciation Fund – what's in this fund? Why is it growing? Entitled to know what's going on with this.

Question on Designated Funds section: Should there be separation between Preserve and Ocean Park funds? It was stated that they are represented together as a consolidated view, however, accounting is done as separate departments.

With no further business, Alex requested a motion to adjourn – so moved by Paul Hennessy, seconded by Debbie Diddle – meeting adjourned at 11:43 am.

### **Upcoming Meeting Dates:**



Wed, September 28, 2022 @ 10 am

*Respectfully submitted,*

*Ellen Festa, Executive Assistant*

DRAFT

