

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

FINANCE COMMITTEE

Meeting Minutes

October 26, 2022 at 10:00 a.m.

Bobcat Hall & Virtual

Members Present:

In Person: Alex Fernandez, Paul Hennessy, Paul Hough, Michael Petrecca, Jeff Porter

Virtual: Bran Petranovic, Jim DiLella

Guests: Brad McIlvain, Board Secretary – Lisa Mascolo, Director

Not Present: Debbie Diddle

Staff Present:

Shannon White - COO, Dale Schoon - Director of Finance, Crystal Jefferson - Controller, Tony Elder - Director of Operations, Sarah Bond – Director of HR

Meeting Minutes

Alex F. called the meeting to order. Motion requested to approve September 28, 2022 minutes. So moved by Paul Hennessy, seconded by Jim DiLella. Minutes passed unanimously.

Alex and Dale welcomed Crystal Jefferson to the Accounting team as our new Controller.

Alex stated that at the last Board meeting, the Board approved Cook Street as our new Investment Manager. Dale has provided notification to all bidders and we are targeting January 1, 2023 as the start date.

3rd Quarter Financials are up on the web page for the membership. Alex asked for any comments or questions. Paul Hennessy asked about multi-year forecasting. Dale stated this was available for the Reserve and was being discussed for future Operating financials. Paul Hennessy asked for an update on the Flood Mitigation assessment. Alex stated that when the invoice assessment went out in June,



a statement was included which outlined current financial status and showed a projected surplus, which at the end of the program, will go into MR&R fund. Shannon provided brief overview of the program status, it was a 5 year assessment and we're in 3rd year.

Paul Hennessy asked if more detail on Investment Results can be disclosed to the Community. Paul Hough commented that they are in our Quarterly disclosure and Alex added that we post what is required per the Investment Policy. If we want to do more, we can discuss and revisit to decide if this should change. Bran feels with the new Investment Manager, we will have more information available. Alex thanked Dale and his team for posting our financials in a timely manner.

2023 Budget – 1st Presentation

Dale S. and Shannon W. presented the first overview of the 2023 Budget.

Committee Member Comments

- Paul Hennessy asked how KICA addresses the assessments for the Resort and Partners to ensure they are charged appropriately. Dale and Alex indicated that there is a process in place where square footage and acreage are reviewed to determine assessments.
- Jim DiLella asked about potential elimination of shuttle service vs. kayak storage at Eagle Point which is in budget. The number of households that use both services is similar, Board will need to prioritize items in the scope of budget. Short discussion on cost of shuttle and potential to raise the cost of it.
- Paul Hough asked if Board will be reviewing all the various assessments separately (i.e.: general, v-gate, MR&R etc.). Agreed to do so.
- Brad M. asked if ATAX money is being used. Proposal needs to be submitted to the Town for approval. Might be worth it to look at this funding for some of the Amenities projects to see if it can be used. Caution about using Town funding which could challenge privacy of gates.
- Paul Hennessy asked if an asset is included in MR&R – does all maintenance get charged to Ops? Shannon reviewed how it's handled operationally.
- Paul Hough asked what is not in here that the team determined to exclude. Shannon indicated the largest item not included yet is the Traffic Circle – Board has asked for design first, then it would be costed out. Also not included is all the boardwalks. Funding is included for \$200K of repairs. Tony shared KICA is currently working on a comprehensive boardwalk plan to share with ARB.
- Paul Hennessy asked if Line of Sight budget item includes just roads or roads and trails. Shannon responded it is just roads.
- Jim DiLella asked if we have ever considered being self-insured – Alex F. stated that we're not there yet, we're too small. Lisa M. asked if there are any discounts to be had in the insurance area by offering individuals insurance etc. Alex and Bran commented that it would be very complex given differences in property values, construction etc.



- After discussion of Payroll budget, Paul Hough suggested budget would not be sufficient if there's no fundamental change in staffing operations during the next 12 months.
- Discussion about assessment increase and use of surplus. Having consistent assessment increases every year vs utilizing any fund balance available. Different scenarios should be part of the next Finance Committee discussion.
- Short discussion about the upcoming process – review with Board, discuss the deficit and options to mitigate it, review with Community and final budget recommendation by Finance Committee.
- Paul Hennessy stated there are two items missing: 1) Analysis for YE 2022 and Budget YE 2023 of our liquidity surplus. [Dale stated that he's put together liquidity cash surplus projections and will have it as part of the next round of review.] 2) Analysis and conclusions relative to the condition and adequacy of our MR&R Reserves. Paul Hough commented that MR&R funding level is an ongoing debate and there are different viewpoints – primarily a philosophical debate vs. data. Alex stated that the Board has agreed with the levels of our MR&R reserves based on all analysis received. Analysis is done each year and will be done again in 2023.

Member Comments

- Budget process is good, great improvement over 5 years ago. Doesn't feel a big fuss needs to be made with the membership about investment losses. Town budgeting process is very conservative in terms of ATAX income projections and they are going to be looking to spend that money over the next 2 years and KICA should submit for funding.

Meeting adjourned at 12:20 p.m.

Respectfully submitted,

Ellen Festa, Executive Assistant

