

KIAWAH ISLAND  
**COMMUNITY**  
ASSOCIATION

**FINANCE COMMITTEE**

Meeting Minutes

JANUARY 25, 2024 at 9 a.m.

Bobcat Hall & Virtual

**Members Present:**

In Person: Paul Hennessy

Virtual: Lisa Mascolo – Treasurer, Paul Hough, Michael Petrecca, Debbie Diddle,  
Jeffrey Porter, Bran Petranovic, Jim DiLella

**Staff Present:**

Shannon White - COO, Tony Elder - Director of Operations, Dale Schoon - Director of Finance

**Meeting Minutes**

Lisa M. called the meeting to order at 9:02 a.m.

Lisa M. asked for a motion to approve the minutes from the November 29, 2023 Finance Committee meeting. So moved by P. Hennessy, seconded by M. Petrecca.

**Vote Passed: (8) In favor:** L. Mascolo, P. Hennessy, P. Hough, M. Petrecca,  
D. Diddle, J. Porter, J. DiLella, B. Petranovic

**Q4 Investment Report – Cook St./Morgan Stanley**



Dana Hensel reviewed the Q4 Investment Report including performance within the portfolio.

\$21M at End of Year

\$13M – Reserve Fund

Q4 Performance was at 5.95%

Overall performance for 2023 – 8.5% - overall a good year

Portfolio performance lagged a bit against the IPS Benchmark of 11% due in part to the time it took to transition from the prior investment advisor and getting to the IPS equities target allocation.

Fixed Income still has good projections

Shift in Equity towards larger cap – not much shift in International

Bran P.: Will you select Individual Securities?

Dana H. stated they will probably not – they are not comfortable doing that.

Paul Hough: Where will funds to move to 40% come from?

Dana H. said it would be a mix of cash and fixed income. New IPS doesn't have specific percentages in small & mid-cap where previous IPS did. Moving more to Index.

Paul Hennessy: Comment on construction index chart – it's very helpful and thank you. Had a comment on management fees for Operating Cash – seems disproportionate. Think about the value add more on Equity/Fixed Income.

Paul Hough: They look at fees in the aggregate – not by individual asset class. If you unbundle it, it would cost us more.

Jim D.: - overall fees seem pretty fair

Dale: Cook St. does work with him to mitigate the fees.

Bran P.: Now that the IPS for Reserve is approved, need to work on a policy for Operating Cash surplus.

## **Q4 Financials – Dale Schoon**

Dale reviewed the KICA Q4 Financials



Recreation (Sandcastle) deficit is approx. \$1M. What it actually costs to run recreation tends to get lost in context of everything Board approves for access privileges. No intent for it to cover costs, it's a service to the members.

- Lisa M. asked if this is something the FC should look at? Does it fall under the FC province?
- Paul Hough questioned what it is we would look at. It's already included in the general assessment.

#### Flood Mitigation – Special Assessment

Question and discussion about excess funds which were planned for future project improvements.

Refund to membership not an option unless voted on by the membership which isn't contemplated by the Committee.

Lessons learned – bill Special Assessments in one lump sum in the future.

Bran P.: Is balance 'trapped' and restricted just for flood related items.

Lisa M.: If these funds are trapped and can only be used for a specific purpose, is that a good thing?

Bran P.: asked if there's the possibility of untrapping it.

Dale: Any changes to this would also need membership approval.

Jim D.: There will always be flood projects - chances are that we're probably going to use it at some point.

Debbie D.: asked about Recreation \$1M deficit – where is that shown?

Dale stated that although we do department and division income statements for internal management, that level of detail is not presented to the membership or the Committee. It is certainly available should the need arise.

#### Liquidity Statement

Jim D. – suggests changing MR&R Reserve column to Restricted since they are all restricted.

Dale S.: Those items listed as restricted cash could be called out separately in an Operating Cash Investment Policy and invested under different parameters than the cash needed for operations.

Jim D.: It's not really excess cash, it's restricted.



Lisa M.: This is worth a conversation – should there be a different IPS for each category. Is there value in discussing this?

Bran P.: Need to look at timing of when we would need to use these funds.

Paul Hough: What's missing is decisions that the Board has made that has cash implications. Re: \$991K excess already committed based on the Boards approval of only 4% assessment increase. Need to show the \$991K is basically accounted for.

Dale S.: He's working on a cash basis income statement presentation that will dovetail into this.

**\*\* To Do:** Paul Hennessy: Add a Note saying what projected 2024 deficit is. This was done prior to posting the Liquidity Statement.

Where is Our Money slide – will tie out to Audited Financials.

Legal Fees: Lisa M. indicated that KICA spent approximately \$250,000 in legal fees in 2023 and was hopeful that we will spend less in 2024. Upon request, Dale shared the amount spent on legal fees by category in 2023.

Member Brad McIlvain: Comment on Flood Mitigation funds and that this was approved by the Membership. Any change would also need member approval. He commented that costs went down from prior year by \$300,000.

Lisa M. asked for a motion to adjourn. So moved by Michael P., seconded by Paul Hennessy. The meeting was adjourned at 10:39 a.m.

*Respectfully submitted,*

*Ellen Festa, Executive Assistant*

