

KIAWAH ISLAND  
COMMUNITY  
ASSOCIATION

**Designated Cash Fund Investment Policy Statement  
Purpose Summary  
5/6/24**

Prior to the implementation of the Designated Cash Fund, KICA had two “buckets” of money, Operating cash/investments and Reserve Fund investments.

Operating cash/investments are comprised of those resources needed for current year operating expenditures and are managed by the Director of Finance within the guidelines established by the BOD-approved Financial Controls Manual (“FCM”). The FCM restricts the investment of these funds to short-term investments with maturities not to exceed 12 months.

The Reserve Fund investments are resources transferred to and managed by the KICA Investment Advisor within guardrails and performance benchmarks established by the BOD-approved Reserve Fund Investment Policy Statement (“IPS”). This fund is used to repair & replace the long-lived assets listed in the Reserve Study.

Included in Operating cash/investments, KICA has historically had resources that are designated to repair & replace named depreciated assets with useful lives of up to 7 years (Asset Replacement \$ or Funded Depreciation), unique events (named storm reserve) and specific Funds (Preserve, V-gate). These are Operating resources that don’t fit the purpose of the Reserve Fund and are not needed for current operations.

On May 6, 2024, the BOD unanimously approved a 3<sup>rd</sup> “bucket” for designated cash and the related Designated Cash Fund IPS which governs how these funds are invested. The Director of Finance will transfer funds to/from the Investment Advisor in compliance with the FCM who will manage the funds within the parameters and to the performance measures established by the IPS. The IPS provides the flexibility of slightly longer-term maturities (max 24-month) and the potential for higher yields.

In its upcoming review of the FCM, the FC will review and update the cash management section to accommodate this strategy.

