

FINANCE COMMITTEE

Meeting Minutes

April 25, 2024 at 9 a.m.

Bobcat Hall & Virtual

Members Present:

In Person: Lisa Mascolo – Treasurer, Paul Hough, Debbie Diddle, John McGowan, Larry Wolohan

Virtual: Bran Petranovic, Michael Petrecca, Dave Nielson, MaryAnn Ashton

Guests Present:

In Person: Jenks Bailey and Erin Mitchell, USI Insurance

Virtual: Stuart Thomas, Cook St.

Staff Present:

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

Meeting Minutes

Lisa M. called the meeting to order at 9:02 a.m. Introductions and brief statements by current and new members of the Finance Committee – John McGowan, Larry Wolohan, Dave Nielson and MaryAnn Ashton.

Lisa asked for a motion to approve the minutes from the March 14, 2024 Finance Committee meeting. So moved by Michael P. seconded by Paul H.



Vote Passed: (5) In favor: L. Mascolo, P. Hough, M. Petrecca, Debbie D.,
B. Petranovic. *(New FC members did not vote since they
were not present at the meeting.)*

Quarterly Investment Presentation (see presentation)

Stuart Thomas of Cook St. presented the Q1 Investment portfolio report. A robust discussion ensued with regard to current market, KICA portfolio positioning and Q1 results.

USI Insurance (see proposal)

Jenks Bailey, USI Insurance, reviewed the KICA insurance program that had been previously reviewed and discussed by staff and the FC insurance sub-committee for the renewal of Property, Casualty and Liability coverages and premiums. Lisa M. pointed out that this needs to be bound by May 1st so she would bring to the Board for approval via e-Vote.

- Property premium shows a 14% reduction over last year – represents a stabilization in the market overall. Increase was 32% last year. Remained flat in Flood insurance. Could consider a buy-down in wind.
- Discussion ensued around the appropriate level of liability coverage. The FC insurance sub-committee had asked USI to test the market for additional umbrella liability coverage above the existing \$25M for discussion at this meeting. USI brought indications from the market for an increase to \$50M at a cost of \$55K?
 - Paul H. feels \$50M is high for an Association of this size.
 - Lisa M. asked Shannon if KICA activities in recent years have increased our risk for any reason.
 - Shannon stated risk has increased since we have more people
 - John M. – is this something we can add later. Answer was that it could be added at any time.
 - Michael P. – has concerns about any potential plaintiffs seeing a \$50M policy and going after whatever exists.
 - Dave N. asked what KICA’s claim experience is. USI responded that it is good.
 - Larry W. asked if risk assessment has been done. KICA is proactive in this area with contract review, security and safety committees, etc. designed to minimize risk.



The FC also discussed the option to “buy down” the deductible on the property insurance as quoted. The result of the discussion was that the value did not warrant the cost at this time.

Finance Committee voted unanimously in its support of this program as presented for recommendation to the Board for approval. Lisa M. asked for a motion to recommend to the Board that they accept this policy as laid out. So moved by Debbie D., seconded by Paul H. All present were in favor.

Vote Passed: (9) In favor: L. Mascolo, P. Hough, M. Petrecca, Debbie D.,
B. Petranovic, J. McGowan, M. Ashton, L. Wolahan,
D. Nielson.

- Michael P. suggests we show the program total premium year over year with the fees “below the line” for effective comparison for the Board.
- Paul H. mentioned for the Board that we’re recommending a flat level umbrella liability and the Board has an option to go higher.
 - Shannon stated that Dale will show this in his Board Summary to help them go through it.
- Dave N. – did we dismiss the buyback. Lisa M. commented that, like the umbrella, the Board has the option to consider and change if desired.

Designated Operating Cash Policy

Paul H. provided an overview of the new Designated Operating Cash Investment Policy. KICA currently has two “buckets” of money, Operating cash/investments and Reserve Fund investments. FC has determined that a 3rd bucket is appropriate and necessary. FC is recommending that the BOD approve the concept of this 3rd bucket and the Designated Operating Cash IPS which will govern this designated cash. These funds will be managed by the Investment Advisor with the potential for higher yields.

The FC discussed the need for an adjustment to the fee structure for the investment advisor considering the composition of assets under their management is changing. Dale S. will work with the investment advisor to that end.



The Designated Operating Cash IPS as written is ready for Board approval. Lisa M. said that since everyone is in agreement, she'd like to have this on the May 6 Board agenda for BOD approval. Lisa M. asked for a motion to bring this to the Board on May 6. So moved by Bran P., seconded by Michael P.

Vote Passed: (9) In favor: L. Mascolo, P. Hough, M. Petrecca, Debbie D.,
B. Petranovic, J. McGowan, M. Ashton, L. Wolahan,
D. Nielson.

Quarterly Financials

Dale S. provided overview of Q1 Financials.

- Current status of assessments – 98.7% collected. FCM defines process for handling delinquent accounts which is being followed closely.
- Flood mitigation – discussion on how to handle unspent funds
 - Transfer to the Reserve Fund investment portfolio?
 - Transfer to New Designated Operating Cash portfolio since the asset lives for which this portfolio supports could be much shorter than those of the Reserve portfolio

**** To Do** – Dale S. to research the governing documents of the Drainage Mitigation Project and recommend appropriate treatment of these unspent funds.

Larry W. asked if the large Q4 spending is due to a rush to spend money or operational?

Tony E. stated there are operational challenges due to seasonal limitations in being able to do the work, for ex: summer months and this is not a “rush to spend”.

Bran P. asked how many open staff positions exist?

- Sarah B. said we've got 9 open positions.
- Dale S. added that we're actively pursuing a Controller position, asked FC to let him know if they know of anyone. Paul H. said that we need to look to elevate the accounting team that supports Dale S. because of the more robust FC activities – Accounting needs more. Dale feels Controller position will go a very long way in addressing this concern.



Lisa M. asked for a motion to adjourn. So moved by Debbie D., seconded by Paul H. The meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Ellen Festa, Executive Assistant

