

KIAWAH ISLAND  
COMMUNITY  
ASSOCIATION

FINANCE COMMITTEE

Meeting Minutes

September 26, 2024 at 9 a.m.

Bobcat Hall & Virtual

**Members Present:**

In Person: Lisa Mascolo – Treasurer, Larry Wolahan, John McGowan, Debbie Diddle

Virtual: MaryAnn Ashton, Bran Petranovic, Michael Petrecca (joined at 9:40)

Not Present: Paul Hough, Dave Nielsen

**Staff Present:**

Shannon White – COO, Dale Schoon - Director of Finance

**Meeting Minutes**

Lisa M. called the meeting to order at 9:00 a.m.

Lisa M. asked for a motion to approve the minutes from the July 25, 2024 Finance Committee meeting. So moved by Debbie D., seconded by John M.

**Vote Passed: (6) In favor:** L. Mascolo, M. Ashton, B. Petranovic, L. Wolohan  
J. McGowan, D. Diddle

Lisa said that as related to Cash Management in FCM - Chapter 5, we're moving our banking relationship from Wells Fargo to Southern First which includes the emergency Line of Credit and



secondary checking account and moving Credit Cards from Synovus to Southern Trust as well. Have not been happy with Wells Fargo.

## **Financial Controls Manual**

Subgroup is Debbie D., Michael P. and Dave N. Dale reviewed high level draft timeline:

**Thurs Oct 28 – Nov 8** – Staff provides sub-committee with Internal Controls/FCM information for review

**Thurs. Oct 31** – FC Meeting – 2nd Budget Presentation

**Wed Nov 13** – Sub-committee meeting to review IC/FCM info – prepare list of priority areas

**Mon. Nov. 4** – BOD Budget Workshop

**Mon. Nov. 11** – BOD Budget Approval

**Tues Nov 21** – Finance Committee meeting - Sub-committee presents overview of key areas to be considered in FCM to FC for input/direction

**Thurs Dec 19** – Finance Committee meeting - review 1<sup>st</sup> draft of FCM from sub-committee

**Thurs Jan 30** – FC meeting - approve FCM recommendation to BOD

**Mon Feb 3, 2025** – BOD approves FCM

Last update was approximately 4 years ago. It's a good thing to do and there were a few things that came out last year from the HR Committee that need to be looked at. Dale commented that there have been discussions about an Internal Control Audit, important to have sub-committee look at all of our procedures before we start talking about an audit. Bran P. suggested we look at the governance part of it. Larry W. commented that the FC has enough time to review FCM as changes are made

## **2025 Budget Guidelines and Drivers**

Reviewed by Dale. Bran P. asked about open positions and is the demand for higher salaries still a driver. Is the 4% increase still necessary given where we are with staffing.

Shannon and Sarah provided an update on staffing and open positions in KICA. Overall, we're in good shape and have good retention. Staff's view is that it is critical to stay even with cost of living increases as well as providing merit increases. Do not want to get behind the market again and experience prior difficulties keeping staff and filling positions.



Larry W. asked how KICA salaries compare to HOAs in other areas ie:, James Island, West Ashley and is 4% adequate given the unique things about Kiawah.

Sarah B. shared info about comparables, incentives and retention (Audio was not clear).

Dale clarified that the 4% is not automatic for everyone, it can range depending upon performance review.

Bran P. was curious if the supply was outweighing demand. Lisa M. commented that supply is good in terms of positions like the Director of Ops where we received 100 resumes, but mid-level positions like custodial, land and lakes and security are still hard to fill.

Dale S. – Budgeting 6% increase for Benefits which is very good. Property and Liability Insurance – budgeting for 10% and 15%. Discussion on insurance increases, timing of our renewals as it relates to hurricane season.

Larry W. asked how we're using Actuals for creating 2025 budget. Dale provided info on actuals and forecasting being done by Staff. Have already done first pass at forecast and getting ready to do the second, combination of actuals through August and forecast data to formulate budget.

Discussion about storm relief figures – Approximately \$500K expenditure for Hurricane Debby and where to take that money from – operating or \$1M Named Storm reserve. It all works out, in terms of where to take the money from and how to replenish it. Named Storm Policy was created just for this purpose – does it define that it must be replenished? Can also consider using an assessment to replenish – not necessarily a special assessment, but an increase up to max allowed.

Shannon read from the policy that funds should be replaced no later than 3 years after using the funds.

Bran P. feels we should take the money from the Named Storm reserve since Debby was a named storm. He asked if the Policy should be changed to make it mandatory to use storm reserve money first, no matter what. Policy says 'may' use it for Named Storm. Define threshold for when to use it?



Discussed possibility of moving November Board meeting to November 18, since Lisa as Treasurer will not be available on Nov 11 for Board Budget review. Shannon to talk to the Chair.

Reserve Fund Policy is going to the Board for approval at the October 7 BOD Meeting.

Dale S. stated that the Controller has now been with us for 1 month and is working out well.

Member Paul Hennessy: Finance Committee has discussed in the past the concept of Operating Account – how much surplus cash the Association wants or should be in there. Did anything come from that discussion? Was any specific amount defined?

Lisa M. said we created the policy around it, and created the 3<sup>rd</sup> bucket of cash, but didn't define exact amounts. Paul recalls it was on the FC Task List to look at. Dale thought it was more related to an overall Budget philosophy i.e.: Balanced Budget or budget with surplus with intent to develop designated reserve for components such as Self-Insurance. It was also contemplated that the impending review of the FCM would address guidance related to cash management and the designated cash fund.

Lisa M. asked for a motion to adjourn. So moved by Debbie D., seconded by John M. The meeting was adjourned at 9:55 a.m.

*Respectfully submitted,*

*Ellen Festa, Executive Assistant*

