

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

FINANCE COMMITTEE

Meeting Minutes

January 30, 2025 at 9 a.m.

Bobcat Hall & Virtual

Members Present:

In Person: Lisa Mascolo – Treasurer, Paul Hough, MaryAnn Ashton

Virtual: Bran Petranovic, John McGowan, Michael Petrecca

Not Present: Debbie Diddle, Larry Wolahan, David Nielsen

Staff Present:

Shannon White – COO, Dale Schoon - Director of Finance

Meeting Minutes

Lisa M. called the meeting to order at 9:03 a.m.

Lisa M. asked for a motion to approve the minutes of the October 31, 2024 Finance Committee. So moved by MaryAnn A., seconded by Paul H. .

Vote Passed: (6) In favor: L. Mascolo, M. Ashton, B. Petranovic,
J. McGowan, M. Petrecca, P. Hough
(3) Not Present: D. Nielsen, D. Diddle, L. Wolahan

Q4, 2024 and Annual Investment Update – Cook St.



Dana Hensel and Stuart Thomas of Cook St. gave an overview of Q4 Investment performance. Total portfolio of \$26M – majority of those assets are in Reserve Fund. Targeted asset allocation remains 40% Equity/60% Fixed. Q4 return on the Reserve was negative due to interest rates. Full year of Reserve was 7.34% - outperformed inflation. Completed taxable Muni bond sell-off. Bran P. asked where it will go. Dana said it will stay in fixed income – standard portfolio. MRR is over 7% since inception.

**** To Do:** Per Paul H. - add rate of return since inception for General Fund.

**** To Do:** provide information on where the Muni bonds were sold from at the next meeting.

Stuart Thomas provided an overview of performance vs. market.

Paul H. asked if you have underperforming managers on a watchlist?

Stuart said not yet, but have been monitoring over time

What is the contribution of the Magnificent 7? Represents a good portion (30%) of the world market value. Short discussion on how they manage this.

Discussion on DeepSeek. Markets are still trying to digest this impact to technology.

Paul Hennessy asked who manages the Fixed Income bond ladder.

Dale S. said that Cook St. manages this in conjunction with our Reserve Fund IPS and the goals set forth in that document. Lisa M. added that's what they get paid to do. Paul Hough added that it's different for the 3 different 'cash' buckets. Discussion about whether the Committee endorses the allocations in fixed income, equity etc. and does the Board endorse these. Lisa M. said that the Board has already endorsed this by approving the IPS. Bran P. stated there are different facets to this, not just asset allocation, but also includes managers performance. What is the Board's role in overall management and direction in this area? What is frequency of when the IPS is reviewed and submitted to the Board. Consider periodic affirmation and validation of the policy and how it's defined. When Cook St. changes an allocation, do they notify Dale? Dale is notified of every transaction within the allocation defined in the IPS. That's the primary purpose of doing this quarterly review, so the FC can be aware of trends and performance and then make any appropriate recommendations for change to the Board. What fees did we pay for Cook St.. Dale said it's a minimum of \$50K per the contract.

Q4 Financials



Dale reviewed Quarterly Financials. Flood Special Assessment is fully collected. Under contract for final Flood Mitigation project. Any unspent flood special assessment funds will remain in deferred revenue and be dedicated solely for specific flood project maintenance and new BOD approved flood projects.

Assessments of \$8.2M or 53% have been collected on a total billed amount of \$15.5M.

CTR performed well. Collected \$4.9M against a \$4M budget. 5-year summary of CTR is included in the narrative. CTR Budget for 2025 is \$2.5M.

Expenses: Moving to self-funded Employee medical has worked well. KICA employees are pleased. Much better ability to manage the various health care expenses.

Reserve Fund: John M. commented on 15% CTR that's moved to Operating. Impact to Operating is not as much as impact to Reserve revenue.

Question: Look at composition of Revenues as CTR of \$2.5M is less. Do Scenario Analysis.

Dale has done a 10-yr analysis and shared that analysis throughout the budget process.

FCM Review

- 1) The FC reviewed the work done by the sub-committee assigned to update the Financial Controls Manual (FCM) and provided input and guidance in preparation for the meeting to be scheduled in February to conduct a detailed review of the FCM.

Lisa M. said that now that we're moving to more online functions, suggests we provide an overview of IT Security for the Board – external penetration analysis, Cyber Security etc.

February Finance Committee meeting – poll the FC and look to schedule around Feb 20 – Feb 27th time frame. Goal is to have a detailed review of the FCM and related Standard Operating Procedures and have a revised FCM ready for approval at March 17 BOD Meeting.

Member Todd Boney: Can depreciation \$\$ be used for other purposes?

The Asset Replacement \$ process is outlined in the FCM but it would be within the Board's auspices to reallocate those resources.



Lisa M. asked for a motion to adjourn. So moved by Paul H., seconded by Mary Ann A. The meeting was adjourned at 11:02 a.m.

Respectfully submitted,

Ellen Festa, Executive Assistant

