

Diamondhead Country Club and Property Owners Association, Inc
Board, DPOA Community Center
Friday, October 16th, 2015 6:00 PM

Call to Order

The October open meeting of the Board of Directors of Diamondhead Country Club & Property Owners Association was called to order at 6:00 pm, Friday October 16 th, 2015, in the DCC & POA, Inc Community Center IAW the Bylaws Sections 5.5 and 5.7. The presiding officer was John Fletcher. A quorum was present including the following: President John Fletcher, Secretary Sharon McCulley, and Treasurer Michael Schaefer. Directors: Don Crosby, Craig Harvey, Kelsey Johnson, Paul Montjoy and Donald Silcio and Ex-Officio Marshall Kyger, also, present M. Boyd, M. Benvenuti and approximately 70 POA members.

Ratification of Minutes

September minutes were reviewed by email and approved by unanimous consent.

POA Manager's Report

M. Boyd gave the monthly manager's report for September (on file at DPOA).

Financial Report

M. Benvenuti gave the September financial report (on file at DPOA).

Old Business

P. Montjoy made a motion to relocate the POA offices to the old 19th hole and to make the necessary renovations not to exceed \$48,000, plus 20% contingency. A two-year return on this investment is expected. This move allows us to operate in a more central location in a building that will be more efficient to operate. The community center and bathrooms in the east wing and the west wing through the bridge room will remain. The use or demolition of the existing offices is being studied. Purcell Corp has no objection under the terms of the take-over agreement. C. Harvey seconded. Motion passed, D. Crosby-Aye, C. Harvey-Aye, K. Johnson-Aye, M. Kyger-Aye, S. McCulley-Aye, P. Montjoy-Aye, M. Schaefer-Nay, D. Silcio-Aye, and J. Fletcher-Aye. C. Harvey informed the audience concerning the acceptance of bid for Al fresco dining area. Out of the 5 contractors solicited one submitted a bid.

D. Crosby addressed a previous letter to the editor of Sea Coast Echo. The GM read the following for the record: On June 10, 2015, I contacted the POA insurance broker and asked them to confirm the following statement came from the insurance carrier, "it appears the Diamondhead POA Board has serious moral and ethical problems that require immediate remedial action". On July 6, 2015, the broker forwarded the following response from the insurance carrier to the broker, "We can now confirm to your client that both the underwriter handling the account as well as the claims examiner have had no discussions with Mr. Gary Longanecker. I think at this point unless Mr. Longanecker can reference a specific person, his comments are not credible".

New Business

C. Harvey made a motion to accept the budget prepared by the budget committee (Pres. Fletcher, Tres. Schaefer, U. Seitz, C. Harvey, P. Montjoy, M. Boyd), seconded by M. Kyger. Tres. Schaefer commented on the changes that have been made to the budget from previous years. The budget committee regrouped certain expense accounts within the Country Club, Tennis and Golf Shop. They will still be allocated under their current general ledger departments. These accounts represent overhead costs associated with the upkeep of property and would have to be paid with or without the existence of the aforementioned. Tres. Schaefer believes this is unacceptable and

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requested that the controller contact DCC & POA, Inc's audit company for their opinion. The audit company's response was the following: "There are no specific generally accepted accounting principles that prohibit grouping certain accounts. The guidance in GAAP is that financial reports should not present information that is in anyway misleading. Practical considerations suggest that similar accounts be grouped together and when reporting is further broken down by department or location that expenses that affect those departments or location be included in such reporting to reflect the impact of fixed or indirect costs on those areas. If the allocation or grouping you are considering is transparent and doesn't misrepresent the financial results of the department (keeping in mind that fixed or indirect costs are still reasonable cost of any departmental operations), then I think you are good. A long, winding answer, but unfortunately there is not direct GAAP guidance that says no you can't do this or that in the area of allocating expenses." This information allows the managers of each department to be accountable for the costs they can actually affect and not for costs that they do not the ability to control. Motion passed, D. Crosby-Aye, C. Harvey-Aye, K. Johnson-Aye, M. Kyger-Aye, S. McCulley-Aye, M. Schaefer-Nay, D. Silicio-Aye, and J. Fletcher-Aye.

Sec. McCulley stated due to the holidays. November and December meetings will not be held on the fourth Tuesday. POA will announce meeting dates and times.

Adjournment

Sec. McCulley made a motion to adjourn. Meeting adjourned at 6:37 pm.

Respectfully Submitted,

Sharon McCulley
DCC & POA, Inc
Secretary