

In January, at the Executive Session, held following the open Board meeting, the Board accepted Rick Goldstein's request to transition out of his role as General Manager and to serve as consultant to an incoming General Manager. The Board then appointed Wallace (Hoppy) Smith as General Manager. Rick will continue for several months as a business consultant while Hoppy expands his knowledge and understanding of the status of the POA. Hoppy has a 30-year history, working in many roles for the POA and brings great insight to a difficult role. Please be sure to thank and welcome Hoppy to this challenging role. And be sure to thank Rick for his important contributions to stabilizing the POA during these rocky times.

To continue the study of the financial position of the organization and to begin the process to determine a viable way to manage the remaining amenities, a Special Meeting of the Board was held on January 30, 2026. Our legal counsel's solution was considered in greater detail with more ideas to explore. The Board also authorized Rick and Hoppy to seek valuation of the marina and Camphouse. And we began a review of the offer by the Tennis lessor for purchase of the Tennis Club, including developing a list of requirements for ensuring that racquet sports continue in Diamondhead despite a possible change in ownership.

Because the projected income in the 2026 budget has been behind expectations, another Special Meeting of the Board was held on February 13, 2026, during which the Board focused on proposals for expense reductions proposed by the General Manager and Business consultant. We prioritized the suggestions and the GM will move forward with the plans.

Challenging times are ahead. We are trying to balance the budget of the organization, ensuring the POA ends 2026 with a positive balance, while we plan for 2027. We need to find a way to ensure that those with dues in perpetuity do not bear the burden of amenity maintenance while ensuring that the amenities remain in good condition. It is hoped that by being able to

explain, by the fall, the way the organization will function in 2027, members will continue to support the current POA. We anticipate that there will be differences in the future, but your support and understanding with any changes will help us prevail so the goal of a wonderful Diamondhead can be achieved.

The Board of Directors thank you for the opportunity to serve the POA.

Nancy Sislow, Board President

Board of Directors

Diamondhead Property Owners Association