

**Palmetto Hall Plantation Owners' Association**  
**Board of Directors Meeting Minutes**  
**November 15, 2007 – 1:00 p.m.**  
**Palmetto Hall Plantation POA Office**

**Call to Order**

Fred McNamee, President, called the meeting to order at 1:00 p.m. at the Palmetto Hall Plantation POA office. Other Board Members present were June Somers, Vice President; David Henson, Secretary; Pete Smith, Treasurer; Terry Ennis, and Tom Renshaw, Members at Large. Tom Black, Member at Large, joined the meeting at a later time. Marion Gorczynski, Association Manager, was also in attendance.

**Minutes**

Terry Ennis moved that the October 18, 2007 minutes be approved. Pete Smith seconded the motion. The minutes were unanimously approved.

**Treasurer's Report**

*Revenue* – POA Income was \$1770 below budget in October. Lower home building activity continues to take its toll on I-103 Income, I-104 ARB Submissions, and I-107 Road Impact Fees. I-301 Interest Income and I-105 Advertising were also below budget. On the other hand, payment of a \$1500 fine was received, which improved the picture somewhat.

*Expense* – POA Expenses exceeded budget by \$18,872 in October. E-108 Grounds Maintenance was double the budget as we paid one back and one current payment. The E-202 Water for Irrigation bill was nearly four times normal, much of it attributable to front entrance water. The Chairman of the Maintenance Committee has been asked to look into this. E-311 Deer Management Survey was paid in October. E-501 Payroll was high as three payrolls were made instead of two. The third went out on 10/31. E-502 AM Office Expense and E-503 Operating Supplies exceeded budget due to furniture and shelving for the new office space and printing and labels for the annual meeting.

*Summary/Recommendations* - Despite the poor showing in October, year-to-date numbers show us \$6,108 ahead of Budgeted Revenue and \$4,589 under Budgeted Expense for a net positive of \$10,697. E-108 Grounds Maintenance, E-401 Security and E-501 Payroll will be lower in November and we will closely monitor the timing of all discretionary billing/payments for the balance of November and December.

Fred made a motion that \$25,000 should be transferred immediately from the Operating Fund to the Capital Reserve Fund (annual transfer). Terry seconded the motion which was unanimously approved. Fred then made a motion that, at the end of the year, the interest earned in 2007 on the Capital Reserve Fund and the Contingency Fund should also be transferred to the Capital Reserve Fund. Tom R. seconded the motion and it was unanimously approved. With these two actions, we are still looking at a year end deficit of about \$30,000.

### **2008 Budget**

Discussion took place regarding the conflicts between budget preparation, which has historically been prepared in Excel, and entering the budget into the Quick Books (QB) format, as well as subsequent accounting transactions in QB. Fred suggested to the Treasurer that the 2009 budget be prepared in QB.

Decal Income was discussed. Terry stated that as long as it was being done in the office, it could remain deferred, as in the past, or could be reported as received. However, if deferred, a footnote should be added to show how it is being handled and reconciled. Marion reported that records were kept in the office showing income from decals and gate receipts as they were received. The Treasurer felt that it should be left as deferred, with appropriate footnotes on financial statements.

Pete Smith then mentioned UBS had suggested the POA have separate check books for each of the accounts – operating, contingency, and capital reserves so there is less frequency of transferring money between accounts. He will investigate this further.

### **Coastal States LOC**

Terry reported the ad hoc committee had discussed the LOC and felt it was an unnecessary item to maintain. Terry made a motion that the BOD should close the LOC and move the money back to the Capital Reserve account at UBS. Pete seconded the motion and it was unanimously passed.

### **Taxes/Audit/CBH/RFP**

Pete reported he had discussions with Ray Warco of Cherry, Baekert and Holland (CBH) and they requested they receive tax information as soon as possible after the close of the year. BOD discussion then followed on whether to have a full audit performed during 2008 (on 2007 transactions) or a financial review, and the timing of such audit or review. The BOD concluded that a full audit should be performed, as 2007 was the first year of doing the accounting function in house. Fred moved that CBH do the 2007 audit first and then the State and Federal income tax for 2007. Tom R. seconded the motion which was unanimously approved. Following completion of the 2007 tax returns, an RFP for future audits, financial reviews and tax preparation will be re-visited.

### **Association Manager's Report**

Marion reported that:

1. Bush hogging was complete on the Plantation. The bill has not yet been received but payments from owners are being received.
2. Janet was entering the 2008 budget into Quick Books and assessments were being prepared.
3. Preparations for the Annual Meeting were also in progress.

## **OLD BUSINESS**

### **Discussion of BOD Top 6 For 2007**

*Relationships Between BOD and Club Management* - Terry reported, as liaison for the Lagoon Committee, that in discussions with Claude he has been told that Claude feels the lagoons weeds do not hinder golf. Terry feels Heritage has a liability to make sure the lagoons are maintained and the Lagoon Committee will continue to be in contact with Heritage officials on this issue and report back to the BOD.

Terry also reported that Heritage states there was a sink hole on Cupp #3 fairway and the drainage main has collapsed and is blocked. All water on the north part of the Plantation now has nowhere to go. If we have a deluge, the lagoon at the end of Lenox may flood the road and possibly homes. Claude reported they hired a contractor to repair the sink hole but he left without finishing. Terry advised Claude it is his responsibility to have this repaired. Claude stated if not repaired by the end of this week, he will hire another contractor.

Tom R. suggested we might discuss this with our legal counsel to document responsibility and make the Club aware of their responsibilities. Fred suggested we wait to pursue this until Terry has had discussions with Ray.

*Clean Up Covenants* – The committee will meet on November 30 to continue with this project.

*Long Range Plan/Financial Adequacy* – Terry reported that the Ad Hoc committee recommends additional focus on capital reserves and recommends a “Trustee” to create conditions for reserve management. They also recommend there should be a single finance committee, properly structured, to focus on capital reserves. They also recommended the Treasurer should be an appointed officer, based on qualifications, and serve for a minimum of two years, rather than an elected member of the BOD. They know in-house accounting is now under BOD control but there is a need to focus on capital reserves.

After discussion, Fred stated he feels the sense of the BOD is that the Finance Committee should be strengthened. They also feel that in 2008 the BOD should investigate the amendments required to appoint officers, such as Treasurer, for multi-year positions and strengthen the duties and responsibilities of that position.

*Professional Management* – Covered in the discussion of the Treasurer position.

*Communications* – June reported a meeting was held with Nancy Riedel who will be setting up the web site for PH. She was given direction on the way the web site should look. She will set up the web site, roughly, and present to the Communications Committee in mid-December. June stated that they are investigating if there are any confidentiality problems with putting the directory on the site. It will be password protected.

Airport – Terry reported the Mayor and Town Council oppose extending the runway and are seeking zoning restrictions so that a runway which exceeds 4,300 feet would need approval by the Town of Hilton Head. Meanwhile, some Island residents are spending funds and professionalizing the goal of extending the runway.

### **C2 Final Roadway Report**

Marion received the final report just before the meeting. A committee has been established to oversee this project, comprised of Dave Pierce, Bob Richardson, Jeff DiBiaso, Fred McNamee, and Marion. She gave copies of the final report to the Committee and Pete Smith to review. Approximate cost for near-term repairs to extend road life is estimated to be \$125,000. Marion suggested the committee report to the BOD at the January meeting.

## **NEW BUSINESS**

### **Annual Meeting**

Fred asked if there were any changes to the agenda for the Annual Meeting. There were not. Marion reported the Club will stand by the \$150 room rental charge they agreed to last December. It was suggested that volunteers be strongly solicited at the meeting. It was also suggested that when asking for members for the Nominating Committee, it be comprised of members who had not served recently.

### **Committee Exception Reports**

*Covenants* – Rich Penwell will continue for another year as Chairman. Two new members are needed. Ride arounds completed.

*Security* – The Club gates are still being left open on some nights. It is reported to the Club. Ten written warnings were issued for traffic violations last month.

*ARB* – Guidelines are being tweaked.

*Communications* – Brad Tufts will chair the Committee next year.

*Maintenance* – A Chair is still needed.

*Advisory Council* – Minutes from the November 2 meeting are on the web site. June reminded the BOD she serves as liaison and a new liaison will need to be chosen.

There being no further business, the meeting was adjourned at 4:00 p.m. The next meeting will be the Annual Meeting. The next regularly scheduled meeting will take place at 1:00 p.m., December 20, 2007 in the PHPOA office. The 2007 BOD will discuss any Old Business. The 2008 BOD will elect officers.

David Henson  
Secretary