

## **Resolution of the Board of Directors**

**LAKE HOLIDAY COUNTRY CLUB, INC.  
RESOLUTION 2019-01  
BUDGET AND EXPENDITURES POLICY  
March 26, 2019**

**OBSOLETES AND RESCINDS:** Resolution 2007-04 and Resolution 2017-02

WHEREAS, Section VII of the Articles of Incorporation of the Lake Holiday Country Club, Inc., as amended, grants the general power to conduct the business and affairs of the Association to the Board of Directors, whose members shall be members of the Association, and

WHEREAS, the Board of Directors has the responsibility to adopt an annual budget for the operation of the Association and the upkeep of common elements of the Association, and

WHEREAS, the Board of Directors must manage the affairs of Lake Holiday Country Club, Inc. in accordance with its fiduciary responsibility;

NOW, THEREFORE, BE IT RESOLVED, that in order to properly maintain the common elements, protect market value of Members' property and livability in the community, the Board of Directors hereby establishes a policy as follows:

**REFERENCE:** Resolution 2018-01, Board President Response to Emergencies

### **BUDGET AND EXPENDITURES POLICY**

1. Definitions:
  - a. General Expense: a category of expenses made up of numerous individual expenses which are similar in nature but which are neither Capital Expenses or Special Expenses.
  - b. Capital Expense: the expense related to a single physical item or group of similar physical items which are capitalized and depreciated as capital items.
  - c. Special Expense: the expense related to a non-recurring special project or activity.
2. An annual budget for the upcoming year shall be prepared by each Board and approved by majority vote of the Board prior to the Annual Election of Board Members.
3. The approved budget shall specify budgeted monthly and annual income by type and the budgeted monthly and annual expenditure for each General Expense category. It shall also specify the budgeted monthly and annual expense for each Capital Expense project and each Special Expense project.
4. Once approved by majority vote of the Board, this final budget authorizes the General Manager to expend funds subject to the following limitations and exceptions:
  - a. Budgeted Capital Expenses and Special Expenses, which have been set aside in unique and identifiable lines in the budget, may be executed by the General Manager, without further consultation with the Board, for each line item that is less than \$5000.
  - b. Budgeted Capital Expenses and Special Expenses of \$5000 or greater must be approved by majority vote of the Board prior to execution by the General Manager. The Board may approve a portion of a Capital Expense project or a Special Expense project authorizing that portion for execution by the General Manager. The Board may, in the alternative, approve, by a single vote, an entire Capital Expense project or Special Expense project for execution by the General Manager.
  - c. Unbudgeted Capital Expenses and unbudgeted Special Expenses less than \$2000 may be expended by the General Manager without further consultation with the Board. Unbudgeted Capital Expenses and unbudgeted Special Expenses of \$2000 and greater must be approved by

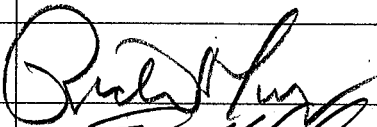

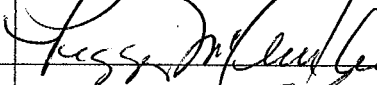
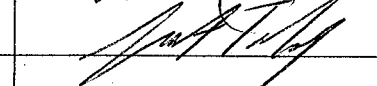

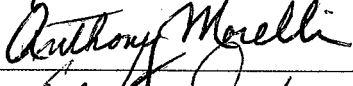

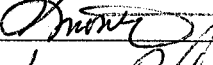
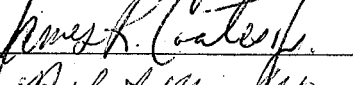
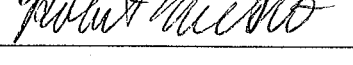
- majority vote of the Board.
- d. The General Manager may commit to expenditures for General Expenses which cause any General Expense line to exceed the budget by less than \$2000 in any month or less than \$5000 annually without further consultation with the Board.
  - e. General Expense decisions which cause a General Expense line to exceed the budget by \$2000 or greater in any month or \$5000 or greater annually require majority approval by the Board.
  - f. The General Manager's discretionary spending authority as outlined in the preceding paragraphs is capped at a cumulative amount of \$10,000 in any given fiscal year. Once this spending limit is reached, all future expenditures must be approved by a majority vote of the Board.
5. In the case that the General Manager exercises the authority in Paragraph 4a, 4c or 4d, notice of such decision shall be given to the Board at the next regularly scheduled Board meeting.
  6. The Treasurer shall present to the Board, at each regularly scheduled Board meeting, a budget report showing monthly (for the month most recently completed) expense and year-to-date expense and the relevant budgeted amounts for each General Expense, Capital Expense and Special Expense line in the budget. This budget report shall also present monthly and year-to-date actual income and the relevant budget for each type of income. No less than quarterly, at the request of the Board, the Treasurer shall present a revised forecast of revenues and expenses for the year.
  7. The Board has the authority, subject to acting in the best interest of Lake Holiday, to cease or limit future expenditures on any line of General Expense, Capital Expense and Special Expense in the budget by majority vote. The absence of any such limitation represents implicit approval of the spending profile and practice for that budget line item.
  8. Under the authority granted in Resolution 2018-01, Board President Response to Emergencies, the President, and by explicit delegation, the General Manager, is authorized to expend necessary funds to protect Lake Holiday assets and to protect Lake Holiday assets and to protect the safety and health of the Membership and employees of Lake Holiday in event of an emergency condition. Such conditions include, but are not limited to:
    - a. An unanticipated emergency such as hurricane, flood, fire, etc.
    - b. The replacement or repair of equipment that either fails or is destroyed unexpectedly and is considered by the General Manager of President to be critical to the safe operation of the Association.
    - c. The protection of Association property from imminent damage.
  9. The authority in Paragraph 8 is granted because delay may, under certain conditions, cause significant unnecessary expense to the Association or danger to Members or employees. When such unbudgeted expenditures are incurred, the Board President shall seek Board ratification immediately for both the expenditure and his/her justification for the expenditure.
  10. The President is hereby authorized to cause the Association to incur legal expenses that exceed the budget when, in the President's judgment, delay in obtaining such counsel would cause damage to the Association's legal or business interests. The President shall seek Board ratification immediately for both the expenditure and his/her justification for the expenditure.
  11. Whenever unbudgeted expenses are approved and/or incurred, the GM and the Treasurer shall identify recommended line item(s) within the current budget to be reduced as offsets for the unbudgeted expenditures.

-----END OF RESOLUTION TEXT-----

**Signature RECORD SHEET  
Lake Holiday Country Club, Inc.  
Board of Directors**

TITLE: Resolution 2019-01, Budget & Expenditure Policy

APPROVAL DATE: March 26, 2019

Directors 2018/2019	Signature	Yes	No	Abstain	Absent
Richard Traczyk		✓			
Ed Noble		✓			
Peggy McClurken		✓			
Jarret Tomalesky		✓			
Paul Battista					✓
John Stover		✓			
Anthony Morelli		✓			
Betka Hardgrave		✓			
Keri Mounts		✓			
James Coates		✓			
Robert Middleton		✓			