

SKY HARBOR BOARD MEETING

October 1, 2011

The Sky Harbor Board meeting was held Oct 1, 2011 at the Sky Harbor Lodge. Members present include: Junior Webb, Roy Chismar, Donna Chismar, Steve Akers, John Cameron, Emil Gumieny, Dexter Christenberry, Darrel Sperry, Denise Dorsey, Larry Buckner, and alternate Tom Dorsey.

The meeting was called to order by Steve Akers. He explained that the meeting agenda would be out of order since we had a representative, Jerry Howard, from Automated Building Systems who was present to discuss roof replacement for the Club House and he had to leave by 10AM. Jerry presented a detailed finding of his plan for replacing the trusses on the roof (only a partial roof replacement) and the different ways this could be accomplished. His quote, which was \$13,556, included only a 30x60 foot truss replacement. The Association would have to obtain a dumpster, metal roofing material, gutters, rewiring and insulation in addition to the cost of the trusses. Discussion ensued about other options for the roof such as just putting a roof over the existing or replacing the roof totally. The estimated cost for a total roof replacement was about \$40,000. After much discussion, considering the expense, it was decided that we will not proceed with any roof replacements at this time. Emil Gumieny made a motion to table the roof replacement and Larry Buckner second the motion. All agreed.

Dexter Christenberry, who had suggested that we request the county to take over maintenance of our roads, presented his findings about what had developed from his meeting with the County Commissioners. The County will not take over maintenance of the roads because the foundation of the roads in Sky Harbor are not built to their specifications. However, there is a possibility of obtaining a grant to have them repaved. This is a work in progress and Dexter said he will not take "no" for an answer and will continue to pursue this matter. The homeowners in Sky Harbor are aggravated at the road conditions. There are 1100 pieces of property in the development and Dexter stated that we pay approximately ½ million dollars per year in taxes. We have no students in the school system so we are getting nothing for the taxes we pay.

The willow tree in front of the club house needs trimmed. Dexter stated that he will have it done and possibly removed. He will also donate the equipment and manpower to have some of the overhanging limbs cut down over the road. He has requested that we pay for the diesel fuel. We all expressed our appreciation for his generous donation.

Discussion was held about the trees that are dangerously hanging over Silver Poplar Rd. (location is first hill as you come into Sky Harbor). We had decided at the previous meeting that something needed to be done about these. Junior Webb received a bid from R. S. Services to have these trees taken down. The bid of \$6,000 was accepted for the removal of 4 large trees and 7 or 8 smaller trees on Silver Poplar. This price is only for trees being cut down, not removal. Removal of the trees will be at the land owner's expense if he/she so chooses. Roy Chismar made a motion to have the trees cut down and the motion was second by Darrell Sperry. Motion passed. Junior will contact the tree service and have this work done. It was suggested that pictures of the trees be taken before and after they are cut down.

We have had some problems with hunters coming into the area hunting for bear during bear season. One of the property owners was sitting on his porch and the hunters were shooting in his direction while chasing a bear. The police were notified but they were unable to do anything because he was unable to

identify the shooter and we did not have NO HUNTING signs posted. Roy Chismar was put in charge of obtaining POSTED NO HUNTING signs and he and Darrell Sperry will hang the signs when they come in. A motion was made by Emil Gumieny to allocate five hundred dollars for this purchase, second by Junior Webb. Motion passed.

Minutes of the previous meeting were approved.

Treasurer's report and proposed budget were presented by John Cameron. He stated that approximately \$5500 per month is taken in from the cable fee. This provides a big boost to our income. It was suggested that the Club House expenses be separated from other Sky Harbor expenses so we know exactly what the Club House is costing us. John will take care of contacting the accounting firm so this can be done. Another suggestion was closing the Club House for the winter which is the season that accumulates most of the expenses due to heating and fuel. Since the Club House is paying for itself we decided that it will remain open until spring and we will discuss it again next year. Junior Webb made a motion to accept the Treasurer's report. Second by Denise Dorsey.

Road Report was presented by Junior Webb in the absence of Marion Kincheloe. There is approximately \$44,340 left for road work. Holes have been patched. Junior stated that the truck is ready for winter. A new blade has been put on the front for snow removal and new chains have been ordered. A letter will be sent to all rental agencies in Sky Harbor stating that we are not responsible for getting their guests to and from their cabin in inclement weather. It will also recommend that they notify their guests that chains and/or snow tires be used in winter months when traveling up the mountainous roads. Roy Chismar has already had the letter approved by the Board and will have it sent out by the middle of October. The letter will be sent certified/return receipt.

It was suggested that we purchase another truck to be used for plowing snow in Sky Harbor. Our original truck is very old and we want to avoid a repeat of last winter. This way we will have a back-up truck in case the first is out of commission. It will also enable us to clear the roads faster if we have the ability to have two trucks plowing at the same time. A motion was made by Emil Gumieny to allocate \$10,000 for the purchase of a new (used) truck (3/4 ton, 4 wheel drive) for snow plowing. The motion was second by Roy Chismar. Motion passed. Junior Webb and Dexter Christenberry will handle this purchase.

At the last meeting there was a recommendation that something be done about the drop off (from pavement to gravel) on Eastview Dr. Junior Webb looked into this and will place gravel there so the drop off is not so high.

Roy Chismar complimented Junior Webb on the great job that has been done mowing and cutting back the brush along the roadways recently. Junior stated that someone different has been doing this and that he is doing a great job.

Darrell Sperry brought up the condition of the entrance sign to Sky Harbor. He stated that the pine tree needs to be cut down and the weeds cleaned out so that the sign is more visible. Junior Webb will take care of this and will also plant flowers there.

A re-discussion of putting a gate up at the end of Ash Pass and Rhododendron Dr. ensued. It is believed that some of the hunters are coming across here and it also allows for easy access into our area from people who are breaking into our cabins. A motion was made by Larry Buckner to install a gate at this

site and the motion was second by Roy Chismar. Motion passed. The price of the gate is not to exceed \$2000.00. As the gate will block out three undeveloped lots, approval must be gotten in writing from the land owners to proceed with this. Darrel and Junior will handle this.

Junior stated that Marion has requested that more monies be appropriated for road work. It was decided that we will wait until our next meeting to discuss this as we still have \$44,340 remaining in the budget for the proposed road work.

Delinquent Dues Committee – John Cameron explained that there are liens against many of the properties in Sky Harbor and that we cannot collect on them until the property is sold. Also, if the property goes into foreclosure or short sale, the bank owning the property is only responsible for the dues from when they take over the property. A second notice will be sent out to those residents who haven't paid their dues. Emil Gumieny has offered to call those property owners whose accounts are delinquent. He will contact the accounting firm to get a list of their names.

Date for the next Board meeting was set for the first Saturday in February, weather permitting. Emil will look into the possibility of using SKYPE or conference calling for our next meeting in case of inclement weather. Many of the Board members travel a distance or winter in Florida and have a difficult time getting here in February.

Meeting was adjourned.

Submitted by,

Donna Chismar
Secretary, Sky Harbor POA

Independent Accountant's Compilation Report

September 20, 2011

Sky Harbor Property Owners Association, Inc.
Silver Poplar Lane
Pigeon Forge, TN

We have compiled the accompanying statement of assets, liabilities, and equity-income tax basis of Sky Harbor Property Owners Association, Inc. (a Tennessee C corporation) as of August 31, 2011, and the related statement of income and expenses-income tax basis for the one month period then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. Sky Harbor Property Owners Association, Inc. has not presented this supplementary information.

Sincerely,

Kirk, Fortner, Smalley, & Associates, PLLC

Kirk, Fortner, Smalley, & Associates, PLLC
Certified Public Accountants

Sky Harbor Property Owners Association, Inc.
Statement of Assets, Liabilities, and Equity - Income Tax Basis
August 31, 2011

ASSETS

Current Assets		
Cash in Bank - Tennessee State	\$	150,611.01
Accounts Receivable-Dues		200,672.55
Accounts Receivable-Cable		7,557.89
Allow. for Doubtful Accounts		(140,547.42)
		218,294.03
Fixed Assets		
Truck		10,500.00
Snow Plow		4,500.00
Equipment		3,899.99
Improvements-Air Conditioner		5,000.00
Signs		9,000.00
Land		77,536.55
Clubhouse		276,963.45
Improvements		746,140.19
Improvements-2009		60,652.93
Improvements 2010		112,277.10
Less: Accumulated Depreciation		(326,187.54)
		980,282.67
Total Fixed Assets		980,282.67
Total Assets	\$	1,198,576.70

LIABILITIES AND EQUITY

Current Liabilities		
Unearned Customer Dues	\$	146.92
Unearned Customer Cable Fees		593.57
Unearned Dues Revenue		167,199.56
Sales Tax Payable		233.00
		168,173.05
Equity		
Retained Earnings		1,022,900.74
Net Income		7,502.91
		1,030,403.65
Total Equity		1,030,403.65
Total Liabilities & Equity	\$	1,198,576.70

Sky Harbor Property Owners Association, Inc.
Statement of Income and Expenses - Income Tax Basis
For the One Month Period Ended August 31, 2011

	Year to Date	
Income		
Property Owners Dues	\$ 15,199.96	47.33
Cable Fee Income	9,227.82	28.74
Rental Income	4,736.00	14.75
Bad Debt Recovery	2,873.71	8.95
Income/late fees	75.00	0.23
	32,112.49	100.00
Expenses		
Cable Expenses	3,656.45	11.39
Credit Card Fees	78.82	0.25
Contract Labor	135.00	0.42
Depreciation	6,554.36	20.41
Hot Tub Fees	105.00	0.33
Repairs and Maintenance	5,728.47	17.84
Mowing Expense	2,535.00	7.89
Office Expenses	205.96	0.64
Other Taxes	47.36	0.15
Pest Control	15.00	0.05
Professional Fees	2,000.00	6.23
Rental Commission	1,420.80	4.42
Supplies	295.00	0.92
Telephone	37.05	0.12
Utilities	1,795.31	5.59
	24,609.58	76.64
Total Expenses		
	7,502.91	23.36
Income from Operations		
Other Income		
	0.00	0.00
Total Other Income		
Net Income	\$ 7,502.91	23.36

See Independent Accountant's Report