

SKY HARBOR QUARTERLY BOARD MEETING

February 18, 2012

The quarterly meeting of the Sky Harbor Board of Directors was held on February, 18, 2012 at the Sky Harbor Lodge. Members present included: Steve Akers, Junior Webb, Emil Gumieny, Dexter Christenberry, Darrell Sperry, Marion Kincheloe, Greg Bullock, Wendy Paxton, Roy Chismar, Donna Chismar and Mary Jo Beard. Members absent were: John Cameron, Larry Buckner, and Dr. Robert Chambliss.

Meeting was called to order by Steve Akers. Roll was called. Steve introduced Cody Farmer from Homeowner's Association Management Company. He gave a presentation about his company and explained the different programs that his company has to offer. They have 2 offices and have been in business for 13 years. They manage homeowner's associations and this is done according to the Association's needs. They have 2 tiers to their program. The first is the financial tier which includes accounting, budgeting, bill paying, collection of association assessments and fees and collection reports. The second tier is maintenance and landscaping. It is menu pricing and they are able to create a package to fit our needs. We thanked him for his valuable information.

A discussion ensued and we realize we are underfunded compared to other associations in the area. The possibility of raising dues was again discussed however, we need to amend the by-laws in order to do this. Dexter Christenberry made a motion to investigate the possibility of raising our dues. Motion second by Emil Gumieny. Motion passed. A committee was set up and Wendy Paxton, Chairman of the Committee, will research this matter with our attorney and the committee will report back to us at the next quarterly meeting. The committee also includes Mary Jo Beard, Greg Bullock and Roy Chismar. If our attorney is not able to help in this matter, she was also given the name of two other attorneys that would possibly be able to help in this matter. They are Brian Mansfield or Hagood, Tarpy and Cox.

Steve Akers informed us that Denise Dorsey resigned from her position on the Board due to illness. We wish her well. Her husband, Tom Dorsey, will remain an alternate on the Board. Nominations from the floor were taken. Roy Chismar made a motion to nominate Debi Akers to fill the vacant position. It was 2nd by Dexter Christenberry. Motion passed. Nominations were taken from the floor for the Co-chairman position vacated by Denise. Junior Webb nominated Mary Jo Beard, 2nd by Dexter Christenberry. Emil Gumieny made a motion to nominate Roy Chismar, 2nd by Marion Kincheloe. A vote was taken and Roy Chismar was elected Co-chairman

Minutes were read. Greg Bullock made a motion to accept the minutes as read. Roy Chismar 2nd the motion. Motion passed.

Treasurer's report was presented by Steve Akers in the absence of our Treasurer, John Cameron. Steve suggested to everyone that we should look over this report and if there are any questions, to e-mail John. Steve noted that the Clubhouse expenses were not separated from other expenses. He will talk

to the accounting firm regarding this. Debi Akers made a motion to accept the Treasurer's Report. Motion was 2nd by Darrell Sperry. Motion passed.

Steve also presented the proposed budget from March to July. A question arose about the cost of insurance. Steve will contact John to find out about this. If other members of the Board have any questions, they are again to e-mail John for answers. Dexter Christenberry inquired as to whether Board members have insurance and what the cost is. Steve said "yes, we have insurance" but he said he would check with John about the amount and the cost. Steve made a motion to accept the proposed budget. 2nd by Roy Chismar. Motion passed.

Old Business: Dexter was in charge of looking into the feasibility of the County taking over the maintenance of our roads. He stated that the County is not able to help us with the roads. There is a possibility of Grant money available but this must be obtained through the federal government which can be done by working with an attorney. He states that the Counties hands are tied. This idea was tabled for now. Will possibly revisit this at a later date.

Dexter had the willow tree trimmed in front of the Club House so it is not hanging on the roof. He was thanked for his efforts.

The trees hanging over Silver Poplar will be taken down sometime in the next couple of weeks. Roy had to call the telephone cable company to remove the lines while the trees are taken down. This needs to be coordinated with the tree remover so he will take care of this. Roy received the check for \$2000.00 to pay the tree service for the removal of these trees. He will contact the tree service on Monday to proceed. Homeowner's that are responsible for the expense of removing these trees will be billed. Roy will take pictures of these trees and their location before their removal. Donna Chismar will send out the bills.

Two hundred-forty PRIVATE PROPERTY - NO HUNTING signs were posted by Darrell Sperry and Roy Chismar.

Junior Webb reported on the condition of the truck used in snow plowing. He stated that the truck is running properly. New chains and snow blade were put on the truck. Since the winter has had virtually very little snowfall, the idea of purchasing another truck this year was tabled. We will revisit in the future.

Roy Chismar sent a certified letter to all rental agencies in the Sky Harbor area advising them to inform their renters that chains and/or 4 wheel drive are recommended in wintry conditions. Signs were also posted at the entrances advising of this need. It was also recommended to post this on the web site.

Junior placed gravel at the end of Eastview Dr to alleviate the large drop from pavement to gravel. Possibility of paving this short area was discussed.

A gate was installed at the end of Ash Pass and Rhododendron Dr. to keep vehicles from coming over from the other neighborhood. However, this was torn down by an unknown as was the power company cable blocking off this area. A police report was filed. Junior Webb was also on the committee for the gate installation. He states that the gate was not placed in the proper location and that Mr. Bullion who owns part of the property was very unhappy with the location of the gate as it divides his property. Junior stated that there was an illness in Mr. Bullion's family and he could not attend the meeting. Mr. Kear, who also owns property up there, told Junior that he would be willing to have the gate placed on his property but that he would need a key to this gate because he goes back and forth this way. Mr. Kear, who was present at the meeting, spoke stating that he would be willing to have the gate on his property but he needed to be able to get into the area. He also stated that he was a bear hunter and would not hunt in our area but he would follow his dogs into the area if they were chasing a wounded bear. He explained that he would try not to shoot a bear in Sky Harbor and that he would follow his dogs until they chased the bear out of our property. Mr. Kear owns property in Sky Harbor and wants to be able to cross over into Sky Harbor from this area and he stated that he will continue to do so. He is not against the idea of a gate for security purposes but needs the key to get into Sky Harbor. Greg Bullock suggested that we let Mr. Kear put up his own gate if he wants one and that the Board investigate the By-Laws concerning this matter. Steve Akers informed Mr. Kear that we would require a letter from him granting permission to install a gate on his property. Mr. Kear said he would have to check into that. It was later determined that if we installed a gate, they would just come into the area by another route. It was decided that the gate placement would be dropped and the gate would be placed in the shed.

Dexter spoke regarding the "bear incident" previously reported in the last minutes. He feels that too much was made of this and that the bear was wounded and needed to be followed and killed even though it was in our area.

An incident also occurred when a tree trimmer and another gentleman came into Sky Harbor and was attempting to cut trees down on another person's property. They stated they were cutting down trees for Mr. Bullion and that Junior Webb had given them permission to cut the trees down. Darrell Sperry, , stopped them and told them they are not allowed to cut down live trees unless you have received permission from the Board. Mr. Kear wanted to clarify the fact that we are not allowed to cut down live trees without the Board's permission. Steve Akers stated that this is a provision in the By-Law. Junior asked for permission to allow individuals to come in and remove dead branched, trees, etc. from Sky Harbor Property. We cannot allow this due to liability. The person who owns these trees needs to handle the removal of dead trees, not the Board. Mr. Kear left the meeting.

Steve Akers informed us about an incident that happened with a rental company renting to college fraternities. They rented approximately 20 cabins in Sky Harbor and did \$25,000 worth of damage to these properties. The kids were drinking, throwing beer bottles at cars, walking into cabins that were not rented by them and scaring the renters in those cabins. Darrell Sperry called the police, who came

out, but no arrests were made. Steve called the rental agency but the rental agency was not concerned about this. He told the rental agency that in the future we would press charges against anyone exhibiting this type of behavior in Sky Harbor. We as Board Members find it appalling that the rental agency had such little concern for the property they are managing.

Dexter Christenberry resigned from the Board due to differences of opinion.

Donna Chismar nominated Margaret Gumieny to fill this position, 2nd by Mary Jo Beard. Motion passed.

Donna Chismar made a motion to drop the gate installation and it was 2nd by Wendy Paxton.

Darrell Sperry explained his Proprietary License as a Security Officer. Although he was a volunteer for our area, he resigned this position but wishes to stay on as a Board member. Resignation for acting as a volunteer security officer was accepted. It was agreed that he will not stop anyone in Sky Harbor. He will call 911. It was pointed out that Sky Harbor POA is not responsible for providing security in Sky Harbor, security is to be provided by the Sheriff's Department.

Marion Kincheloe presented the Road Report. Proposal was presented for picking up trash along the road and hillsides - \$1200.00, the removal of dead trees and debris along the road and hillside-\$800.00, and the placement of rock on unpaved roads -\$18000 to \$19000, not to exceed a total for all the above work of \$21,000. Greg made a motion to approve the road committee proposal and it was 2nd by Mary Jo. Motion passed.

Emil made a motion to nominate Darrell Sperry for replacement of Denise Dorsey on the road committee. Motion was 2nd by Debi Akers. Motion passed.

Emil made a motion to allow up to \$2,000 be in an emergency fund to use for emergency road work. This work must be approved by 3 members of the road committee before the money is used. Motion was 2nd by Debi. All approved.

Delinquent dues will be pursued by Emil after collection of the annual dues in August. He would like a list of all delinquent dues owners. Roy Chismar will call the accounting agency and obtain this and also find out the procedure that they use to collect these delinquent dues.

Emil looked into the idea of using Skype for the Board members that are not able to attend the meetings. This is not feasible as we do not have wireless internet at the Lodge.

Steve Akers presented a CONTRACTING AND PURCHASING POLICY to be used on bidding. It is for accountability. Board members are to review this and respond with their thoughts about this by Feb 25, 2012. He stated that we need to make sure that all vendors are licensed and insured before performing work for Sky Harbor.

Voting at the annual meeting was discussed. It was decided that we need to investigate the present policy and determine if this needs to be changed. One vote per property and registration at the Annual Meeting before receiving a ballot was discussed.

A motion was made by Mary Jo to establish a committee to investigate several purposes which include: 1. The Procurement Guidelines 2. Election Policy 3. By-Laws. Roy Chismar 2nd the motion. Motion passed. Wendy Paxton will chair this committee. Other members include Greg Bullock, Mary Jo Beard and Roy Chismar. Donna made a motion to allow \$2000 be appropriated for attorney fees if necessary to research this information. Wendy will contact the Sky Harbor attorney before making contact with any other attorney. Mary Jo 2nd the motion. Motion passed. The committee will report its findings back to Steve.

Donna Chismar will contact Pat Gardner and ask her not to mail out the annual dues without checking with Steve or Donna because we have some enclosures to include with the billing.

Emil knows someone who stocks ponds with trout. He asked permission to investigate this possibility for our ponds. He will report back at the next meeting.

A motion was made by Marion Kincheloe to set aside \$2000 for repairs to the Sky Harbor Lodge. Motion 2nd by Mary Jo Beard. Motion passed.

Emil made a motion to have the accounting of the Lodge separated on the budget report. Debi 2nd the motion. Motion passed. Steve will take care of this.

Emil brought up the possibility of installing motion solar lights down by the mailboxes over the area map. A motion was made to allow \$300.00 be used for this. Motion 2nd by Darrell. Motion passed. Darrell will install and give receipt to Donna.

A motion was made by Emil to allow for the purchase of a hand held recorder for taping the minutes. Motion was 2nd by Steve. Motion passed.

It was brought to our attention by the rental company that the carpeting is pulling away from the tacks on the floor the floor covering needs repair. Bids will be obtained for replacing carpet, linoleum or texture cementing. Roy will get bids and report back to the Board.

Motion to adjourn the meeting was made by Marion Kincheloe and 2nd by Steve Akers. Meeting adjourned.

Next meeting will be held at the Sky Harbor Lodge on May 5, 2012.



POST OFFICE BOX 1757
320 CHEROKEE STREET, SUITE 100
KINGSPORT, TENNESSEE 37662
TELEPHONE (423) 246-7310
FACSIMILE (423) 246-1291

Independent Accountant's Compilation Report

February 1, 2012

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 December 31, 2011, and the related statement of income and expenses-income tax basis for the five 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,

Fortner Smalley, PLLC

Fortner Smalley, PLLC
Certified Public Accountants

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

ASSETS

Current Assets		
Cash in Bank - Tennessee State	\$	92,395.28
Accounts Receivable-Dues		185,123.99
Accounts Receivable-Cable		7,509.44
Allow. for Doubtful Accounts		(178,045.00)
Total Current Assets		106,983.71
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
Improvements - 2011		79,357.01
Less: Accumulated Depreciation		(345,100.27)
Total Fixed Assets		1,040,726.95
Total Assets	\$	1,147,710.66

LIABILITIES AND EQUITY

Current Liabilities		
Unearned Customer Dues	\$	151.92
Unearned Customer Cable Fees		704.38
Unearned Dues Revenue		106,399.72
Sales Tax Payable		238.00
Total Current Liabilities		107,494.02
Equity		
Retained Earnings		1,022,900.74
Net Income		17,315.90
Total Equity		1,040,216.64
Total Liabilities & Equity	\$	1,147,710.66

See Independent Accountant's Report

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

	Year to Date	
Income		
Property Owners Dues	\$ 76,868.84	53.11
Cable Fee Income	44,890.70	31.02
Rental Income	12,534.00	8.66
Bad Debt Recovery	2,873.71	1.99
Income/late fees	7,558.16	5.22
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Total Income	144,725.41	100.00
Expenses		
Auto/Gas Expense	666.51	0.46
Bad Debt	37,497.58	25.91
Cable Expenses	17,898.64	12.37
Credit Card Fees	218.85	0.15
Contract Labor	310.00	0.21
Depreciation	25,467.09	17.60
Hot Tub Fees	315.00	0.22
Repairs and Maintenance	18,906.97	13.06
Licenses	20.00	0.01
Mowing Expense	2,535.00	1.75
Office Expenses	948.53	0.66
Other Taxes	125.34	0.09
Pest Control	268.75	0.19
Postage/Box Rental	62.00	0.04
Professional Fees	10,000.00	6.91
Property Maintenance	884.50	0.61
Rental Commission	3,760.20	2.60
Property Taxes	1,049.00	0.72
Supplies	1,920.37	1.33
Telephone	199.13	0.14
Utilities	4,356.05	3.01
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Total Expenses	127,409.51	88.04
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Net Income from Operations	17,315.90	11.96
Other Income		
	<hr/>	
Total Other Income	0.00	0.00
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Net Income	\$ 17,315.90	11.96
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See Independent Accountant's Report