

SKY HARBOR POA QUARTERLY BOARD OF DIRECTORS MEETING

May 19, 2012

The quarterly meeting of the Sky Harbor POA Board of Directors was held on May 19, 2012 at the All Season's Hotel in Pigeon Forge.

MEMBERS PRESENT: Junior Webb, Steve Akers, John Cameron, Emil Gumieny, Darrell Sperry, Marion Kincheloe, Greg Bullock, Wendy Paxton, Roy Chismar, Donna Chismar, Mary Jo Beard, Debi Akers and Margaret Gumieny.

MEMBERS ABSENT: Dr. Robert Chambliss, Larry Buckner and Alternate Tom Dorsey

The meeting was called to order by Chairman, Steve Akers. Roll was called. Minutes were not read as everyone had availability to them prior to the meeting. This was done to save time as the minutes were 5 pages long. Steve asked if there were any corrections to the minutes. No one had any corrections. John Cameron made a motion to accept the minutes as read. Greg Bullock seconded the motion. Minutes were approved.

John Cameron read the Treasurer's Report. Discussion followed. Greg Bullock questioned why the Club House expenses were not separated from the rest of the report as we had requested several times at multiple meetings to be done by the accounting firm. John Cameron presented a breakdown of expenses from the rental management firm; however, that expense report does not reflect all expenses associated with the Club House such as utilities, cable, repairs, insurance, etc... The Board wanted to determine if the club house is profitable. All indications are that it isn't and is costing the Association a lot of money to operate. John Cameron said he would again speak to the accounting firm and have them pull all expenses paid for the club house and what was earned from rental. We will decide at the next meeting when we get the updated accounting report on whether to put more money into the club house or to just close it. Mary Jo made a motion to accept the Treasurer's Report. Roy seconded the motion. Four opposed. Motion passed.

At the previous meeting we had questioned what type of insurance policies was held by Sky Harbor and whether the insurance was sufficient. John Cameron presented the insurance policies that we presently have. A motion was made by John Cameron to allow Greg Bullock to review our present insurance policies and provide us with a quote on updating these policies to provide us with adequate insurance coverage not only for the properties held by the Association and the equipment that we use but also coverage for the Board members. The motion was seconded by Wendy Paxton. Motion passed. Steve Akers suggested that instead of waiting until the next Board meeting in August, that Greg send the report to Steve and John as soon as it is available.

Wendy Paxton reported on the progress that was made by her committee concerning the changing of the Covenants and the raising of dues. She contacted the Sky Harbor POA attorney and spoke to him about the requirements needed to change the Covenants. Presently, the Covenants state that dues can only be raised 4% per year and presently the funds are very low. We have no rainy day fund or money in reserve. We would like to have the capability of raising the dues slightly higher than the 4% limit that we are presently working with. Presently we need 51% of the lot owners to approve a change in the Covenants. We also need to look into the way we are able to amend the voting policy and how we can change the Covenants. A discussion ensued as to whether we should proceed with dividing the process

into 3 steps. The first would identify and change the way we vote, the second would be changing the Covenants and the third would be raising the dues. However, it was decided that if we are working with the attorney, we would go ahead and get the cost of proceeding with all three items at once. It was pointed out that if a property owner is behind on their dues more than 3 years, they are prohibited from voting. John Cameron made a motion to get the total cost of changing the Covenants, on the way we vote and who can vote, and raising the dues. Emil seconded the motion. Motion passed.

John Cameron made a motion to raise the 2012 property dues by 4%. Greg seconded the motion. Motion passed.

A Purchasing policy was passed out at the last meeting for everyone to review and comment. Not everyone had a chance to review this policy so a motion was made by Debi Akers to table the discussion on the policy until everyone has had a chance to review it. Greg Bullock seconded the motion. Motion passed.

Marion Kincheloe presented the Road Report. He stated that we do not have much money available for the summer so we need to only do what is necessary. Steve Akers asked how much money did they need to do road work and Marion stated that they did not have an estimate to present to the Board. Steve pointed out that this was unusual because the Road Committee had always presented an estimate. Steve asked how do we know how much to budget if you don't tell us how much you need? Marion made a motion to appropriate \$19,000 for paving projects plus the \$2,000 that's already been appropriated for emergency road projects for a total of \$21,000. Discussion ensued. Jr. Webb pointed out that \$19,000.00 had been budgeted at a previous meeting for gravel that had not been spent yet. Debbie Akers suggested that they divert the \$19,000.00 previously budgeted for gravel to do summer road work and use the \$2,000.00 budgeted previously for emergency road work, if needed, making up the \$21,000.00 without budgeting an additional \$19,000.00. John Cameron suggested that the Board allot \$70,000.00 for road work, but it was pointed out by a couple of Board Members that we can't allot something that we don't have. John indicated that we will have it when the 2012 dues come in. It was decided to wait until a future meeting to allot any additional money over the \$21,000.00. The Road Committee will prioritize the road work projects and present a cost at the next meeting. The cost will be evaluated at that time and available money will be put into the Road Committee's budget. Since the \$21,000.00 had already been approved at a previous meeting and was already in the road fund, it wasn't necessary to make a motion therefore, there was no need for a second.

Darrell Sperry stated that there are several stop signs missing. Jr Webb indicated that they were in the Maintenance Building. Steve asked Junior Webb if he could replace these signs as soon as possible because it poses a liability issue if they are not in place and could cause an accident.

Roy Chismar gave a report on the removal of the trees along Silver Poplar. The ones that were dangerously hanging over the roadway have been removed. Steve pointed out that Roy was able to get the trees removed for \$2,500.00 instead of the \$6,000.00 that had been budgeted.

John Cameron stated that some of the delinquent dues property owners have been turned over to a collection company.

Emil Gumieny had volunteered to look into the cost of stocking the ponds. At the present time, we have no money to go forward with this. We may look into this at another time.

Solar lights at the mailboxes – Emil obtained a cost for purchasing solar lights to be installed at the mailboxes. Three hundred dollars was approved at the last meeting for the purchase of this lighting. Emil will proceed with the purchase and hanging of the lights.

New Business:

Steve Akers pointed out that in a letter sent out to all property owners of Sky Harbor by Dexter Christenberry a statement was made that the Club House was in poor condition and that the roof was unsafe. Steve indicated that since this statement had been made it is the Board's obligation to investigate the situation. Steve stated that we don't want anyone hurt and in the event something did happen and the Board didn't take action to determine the integrity of the roof and the safety of the club house, the Board would be taking on a huge liability if someone did get hurt. Emil made a motion to contact the rental agency and have all future bookings in the Lodge moved to another location. This motion also includes shutting the building down until we can have the integrity of the building documented. Debi Akers seconded the motion. Motion passed. Junior opposed. Roy Chismar will contact the rental agency and have them close the rentals on the Club House until we have established the safety of the building.

Mary Jo Beard made a motion to have a structural engineer evaluate the property. Motion was not seconded. Motion died for lack of a second.

Emil suggested having a building contractor give an estimate on what needs to be done to the Club House to bring the building up to code. It was also suggested that we look into having the Fire Marshall inspect the building. Roy Chismar will call the City of Gatlinburg and see what options are available to us.

Without the Club House we have no meeting place for our annual meeting. Steve will contact the church on King Branch and ask them if it is possible for us to have our meeting there. If this is not possible he will look into other prospective sites for our meeting. He will let John Cameron know his findings so that it can be posted in our annual dues statement.

Greg made a motion that the meeting be adjourned. John seconded the motion.

Respectfully submitted by

Donna Chismar, Secretary
Sky Harbor POA

Addendum: Since the meeting of May 19, the following Board Members have turned in their resignation effective immediately: Wendy Paxton, Roy and Donna Chismar, Steve and Debi Akers and Darrell Sperry. Their names will be removed from the roster.

Sky Harbor Property Owners Association, Inc.
Statement of Assets, Liabilities, and Equity - Income Tax Basis
March 31, 2012

ASSETS

Current Assets		
Cash in Bank - Tennessee State	\$	89,868.97
Accounts Receivable-Dues		179,832.45
Accounts Receivable-Cable		9,782.95
Allow. for Doubtful Accounts		<u>(179,399.38)</u>
 Total Current Assets		 100,084.99
 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		<u>(359,684.80)</u>
 Total Fixed Assets		 <u>1,026,142.42</u>
 Total Assets	 \$	 <u><u>1,126,227.41</u></u>

LIABILITIES AND EQUITY

Current Liabilities		
Unearned Customer Dues	\$	433.04
Unearned Customer Cable Fees		354.70
Unearned Dues Revenue		60,799.84
Sales Tax Payable		233.00
Road Bond Deposits		<u>1,500.00</u>
 Total Current Liabilities		 63,320.58
 Equity		
Retained Earnings		1,022,900.74
Net Income		<u>40,006.09</u>
 Total Equity		 <u>1,062,906.83</u>
 Total Liabilities & Equity	 \$	 <u><u>1,126,227.41</u></u>

See Independent Accountant's Report

Sky Harbor Property Owners Association, Inc.
Statement of Income and Expenses - Income Tax Basis
For the Eight Month Period Ended March 31, 2012

	Year to Date	
Income		
Property Owners Dues	\$ 122,276.30	55.28
Cable Fee Income	71,385.04	32.27
Rental Income	17,109.00	7.73
Bad Debt Recovery	2,873.71	1.30
Income/late fees	7,560.61	3.42
Total Income	221,204.66	100.00
 Expenses		
Auto/Gas Expense	1,565.86	0.71
Bad Debt	38,851.96	17.56
Cable Expenses	28,946.76	13.09
Credit Card Fees	298.44	0.13
Contract Labor	310.00	0.14
Depreciation	40,051.62	18.11
Insurance	7,998.36	3.62
Hot Tub Fees	420.00	0.19
Repairs and Maintenance	22,272.60	10.07
Licenses	20.00	0.01
Mowing Expense	2,535.00	1.15
Office Expenses	1,362.08	0.62
Other Taxes	171.09	0.08
Pest Control	313.75	0.14
Postage/Box Rental	153.50	0.07
Professional Fees	16,000.00	7.23
Property Maintenance	4,188.21	1.89
Rental Commission	5,132.70	2.32
Property Taxes	1,049.00	0.47
Supplies	2,182.11	0.99
Telephone	321.33	0.15
Utilities	7,054.20	3.19
Total Expenses	181,198.57	81.91
 Net Income from Operations	40,006.09	18.09
 Other Income		
Total Other Income	0.00	0.00
 Net Income	\$ 40,006.09	18.09

See Independent Accountant's Report