

## BOARD MEETING OF SKY HARBOR

APRIL 30, 2016

Bob Hamilton opened the meeting at 10:10am. Reverend Jim Lowery opened with a prayer. There were 13 board members Ken Adams, Mary Jo Beard, John Cameron, Keith Dees, Patrick Gray, Emil Gumieny, Jim Hale, Bob Hamilton, Jeff Lukkarila, Phil Moss, Junior Webb, Gary Whitehead, and Terry Young. Two alternates Greg Bullock and Margaret Gumieny were present and 18 property owners. Bob spoke to the property owners first. As President, Bob Hamilton reviewed the recent history of Sky Harbor. Issues included:

1. The division over the entrance to Sky Harbor with the Cole Family which was settled.
2. Water hydrants/fires/ the water reservoir/the fire marshal was settled by spending \$15,000, not \$35,000, with the advice of the fire marshal.
3. The elected volunteer board makes the best decisions they can for Sky Harbor.
4. For 4 years the Fortner Smalley Accounting Firm has been discussed at board meetings. John Cameron in August made a motion that for one year Fortner Smalley would continue as Sky Harbor's accounting firm without any more board discussion. This motion passed.
5. Jeff Lukkarila got names for past dues collection. He found it very difficult to get names and lot numbers from Fortner Smalley. To date \$94,000.00 has been collected this year.
6. In the November 2015 meeting, a vote to rescind John Cameron's motion from August was passed. Mary Jo Beard was absent in the November meeting. Greg Bullock substituted for the secretary for that meeting. The meeting notes were not returned. This was a confusing issue that was not made clear to everyone.
7. In the March meeting, the board unanimously accepted oral/spoken minutes for the November 2015 minutes.
8. The two documents the board is governed by are the Sky Harbor By-Laws and Robert's Rules of Order.
9. The Pratt proposal (a letter of intent) was obtained in an "under-the-gun" situation.

Questions from the Home owners/guests:

1. Mark asked about the minutes in November. He said he would like to just sit and listen to the present meeting.
2. Bill Binger said he needed clarification on several issues: the voting process, all motions need a time of discussion, meeting dates changed by phone. Mary Jo Beard produced ballots in envelopes and the attendance records for a balance in voting. Jim Lowry read from Robert's Rules that a show of hands is preferred.
3. Chris Cameron said a verbal vote is frequently used in business meetings. If there are no minutes for a meeting, then the meeting doesn't count. Mary Jo Beard reread the minutes pertaining to this from the March 5, 2016 meeting. The oral minutes from board members' memory were written and read back to the members for a vote of acceptance. The vote passed unanimously.
4. What is the appropriate way to address issues on Sky Harbor roads?

5. Collection of back dues and a management firm in the same office is not good (one opinion). The whole issue of a management agreement was kept in the dark. The agreement has not been signed. It is a sample agreement.
6. Greg Bullock defended the board members. He commented on the abrasive behaviors of some POA members.

The board meeting started at 11:05am. Bob Hamilton advised the board that there was an agenda for the meeting and we needed to follow it. Bob invited the guests to stay if they wanted to listen, but they cannot comment or vote during board meetings.

**SECRETARY'S REPORT:** Mary Jo Beard first asked permission to use a tape recorder. Please stand and say your name before you talk. Approval was given by verbal agreement. Mary Jo passed out copies of the minutes, copies of the Sky Harbor By-Laws and read the minutes of March 5, 2016.

Two corrections needed to be made under the heading New Business:

#2. Add "Any amount over \$600.00 needed 2 signatures." #5. Change 2 fires to be 4 fires in the history of Sky Harbor. Patrick Gray made a motion to accept the minutes as read with the corrections. Phil Moss seconded and the motion passed by a show of hands.

**TREASURER'S REPORT:** John Cameron handed out 4 packets of information. John said he was not a CPA, but these reports were compiled in accordance with the American Institute of CPA standards. He reviewed the Fortner Smalley report and the POA General Ledger. Jeff Lukkarila presented a compiled list of board requests from past minutes on the web site asking for more detailed reports. His list begins in August 2009. Jeff thinks the board members need a copy of the General Ledger, not just a summary. John gave the Club House report from Bear Camp Rentals and the itemized expenses for December 2015 through February 2016. John explained the Pratt account with their collections for Sky Harbor back dues. He gave everyone a copy of the US Corporation Income Tax Return for 2014 and the Tennessee Department of Revenue Franchise, Excise Tax Return. Cheryl Lowry suggested we look into our status as a Not-For-Profit vs. a For-Profit organization. John explained the estimated expense work sheet for 5/1/16 to 7/31/16. A discussion ensued over the estimated expenses. It was noted that Sky Harbor has NEVER been in the red. Junior Webb made a motion to accept the Treasurer's Report as presented. Patrick Gray seconded. The motion passed by a show of hands-- 9 agree and 4 oppose.

**ROAD COMMITTEE REPORT:** Junior Webb reported he had measured everything---what needs to be recapped, overlays which are small spots, and a priority list of the roads that need attention. He suggested the work be divided into 3 phases. He needs \$186,000 to do everything. He can do Phase 1 with \$100,000.00, Phase 2 with \$25,000.00 and \$61,000.00 for Phase 3. There are 3 miles of gravel road left. They are level and keep their gravel so they don't need immediate attention. Junior advised that patching a damaged road to keep what is there is better than laying new pavement on an unpaved road. It saves money in the long run. He will contact Newport Paving and Doyle Ball to get a price and the time work can begin. Mr. Ball has always given Sky Harbor the best price and the best work. Junior also noted that if property owners wanted paving done on

their private property; catch the paving crew while they are already in Sky Harbor. They will give you a good price while they are here vs. coming back for a single small job. The question was asked

should we allot some money now or wait till the August dues start coming in. Maybe allot, not the whole \$100,000.00 of phase 1, but some. Kenny Adams made a motion to accept the Road Report. Patrick Gray seconded and the motion passed unanimously by a show of hands.

#### **OLD BUSINESS:**

1. Check signing--- Bob Hamilton withdraws himself from the list of names that can sign checks for Sky Harbor. He thinks it may lead to a conflict of interest as chairman/president of the board.
2. Fire department---Any donations to the Pigeon Forge Fire Department would be appreciated by the department. They have come to our meeting in the past to discuss fires in Sky Harbor and to advise us about our reservoir (which saved us \$20,000.00).

#### **NEW BUSINESS:**

1. By-Laws---John Cameron discussed points within the Sky Harbor By-Laws.
  - Board member eligibility was read.
  - Alternate board members are not allowed.
  - By-Laws go by the Robert's Rules of Order. The By-Laws come first, then Robert's Rules.
  - To rescind a motion made and passed takes a 2/3 majority vote. A property owner appointed temporarily to fill an absent board member's position has all the rights assigned to that position.
2. Eligibility of board members---As part of the chairman's job, Bob Hamilton must act on any POA member's concerns. All board members were checked on their eligibility as a board member—ownership of property and dues paid. A discussion ensued.
3. Accounting Firms---John Cameron has been the treasurer of Sky Harbor since 2006. John announced he will not be Treasurer for the 2016-2017 year. He explained why Fortner Smalley is our present accounting firm. A level 3 accounting (book keeping) was chosen. This service costs \$1,875.00 a month for their services (\$22,500.00 a year). Pratt accounting is \$835.00 a month (\$10,020.00 a year) for book keeping services. Bob Hamilton said the board must make decisions for the people of Sky Harbor. Keith Dees said he knows of a local accounting firm that uses the Dave Ramsey principles with their book keeping. Bob Hamilton said the Pratt proposal is just that—a proposal. Fortner Smalley did not offer anything in writing, said they would not lower their fees, and has not come to any board meeting to discuss accounting issues. The discussion continued.
4. Independent discovery by Cheryl Lowry---Cheryl Lowry gave unbiased findings and facts:
  - In the By-Laws on alternate board members, they need to be elected by the POA in the annual meeting.
  - The Pratt proposal is not ready to be signed as it is written. It needs some revision to eliminate any ambiguity.

- Fortner Smalley gave no reply or list of duties they do for the cost of services. They were contacted but did not reply till after April 22 (tax season). They need some guidance to improve their services to Sky Harbor.
  - Fortner Smalley may be considerably high in their fees for book keeping in comparison to what Cheryl charged in her accounting business. The cost of services from Fortner Smalley needs to be renegotiated.
  - Further conclusions—Let Pratt handle the financial arrangements, let a CPA firm handle the tax returns, not putting all of our eggs in one basket. Sending out invoices and billings should be significantly less. Any change should take place August 1 to coordinate with our fiscal year. The firm, to whom we assign Sky Harbor’s accounting business, should be alerted so as to be ready August 1, 2016. Account programming will need to be set up. She would like to be involved in any changes to see that the changes recommended get implemented and stay in place. Cheryl answered several board member questions. A discussion ensued.
5. Independent discovery by Mary Jo Beard---Mary Jo Beard compared the Pratt proposal with the Fortner Smalley services. She compiled 25 questions on services from the Pratt proposal and emailed the same 25 questions to Page Maples at Fortner Smalley April 1, 2016. She received a reply April 27 from Page. Mary Jo made a spread sheet of the questions and answers for the unbiased comparison. Throughout the previous discussions of today, she marked which questions were mentioned. She highlighted 9 of the 25 questions. The other 16 questions were equal in their answers. Neither book keepers are CPA’s. The cost of services is different--\$1,875.00 a month for Fortner Smalley and \$835.00 a month for Pratt Management. Pratt gives a written agreement; Fortner Smalley does not give a written or oral agreement. The original comparison is in the minutes’ notebook of the secretary. She talked to Greg Pratt himself. He said his proposal is just that---a proposal. A committee should meet with him to compose an agreement that is right for Sky Harbor. Mary Jo explained “Cash Basis” as a term of when transactions are entered into the ledger books, not cash as in currency. John Cameron and Cheryl Lowery agreed with the definition. Mary Jo also noted that the By-Laws were vague. They were written by Cliff Anderson (original developer of Sky Harbor) who made them vague on purpose to control things as he wanted them to be. There were no questions about the report, so business moved on.
  6. Filling a vacancy on the board---Philip Gould has resigned from the board due to his new work requirements. John Cameron made a motion to elect Bill Binger as a board member to take Philip Gould’s place. Jim Hale seconded the motion. Discussion ensued. The vote was 4 agree and 9 oppose by a show of hands. The motion did not pass. Bob Hamilton made a motion to elect Margaret Gumieny as a board member to take Philip Gould’s place. Jeff Lukkarila seconded the motion. Discussion ensued: Having a husband and wife on the board at the same time could be a conflict of interest. Who had the most votes as an alternate—Margaret Gumieny or Greg Bullock? The vote was 13 agree and 0 oppose by a show of hands. The motion to appoint Margaret passed unanimously.
  7. Alternate board members---Emil Gumieny asked the question if we can vote on having auxiliary or alternate board members. John Cameron led the discussion on this issue. According to the

By-Laws, the motion and vote needs to be made at the Annual POA meeting. The vote must be 50% + 1 of the POA members present at the POA meeting. A 50% + 1 vote of the whole POA membership is to change the Covenant/Restrictions.

8. Proxy---Mary Jo Beard asked the question if we were going to send out proxies this year with the dues billing. A discussion ensued. John Cameron said “yes, by Tennessee law.” John could not find his letter of proof at this time. Proxies are not in Sky Harbor’s By-Laws or in Robert’s Rules. Tennessee does not provide this for Not-For-Profit organizations. Jeff Lukkarila read from Sky Harbor By-Laws and Robert’s Rules to support “No Proxies”. The By-Laws do state that a POA member has to be present at the Annual Meeting to vote. The “voice of the people” is why proxies got started 5 years ago. It has changed to be the “voice of the proxy assignees”. Emil Gumieny made a motion to stop all proxies in accordance with our By-Laws and Robert’s Rules. To be able to vote, you must be present at the August POA meeting and show proof of ownership in Sky Harbor. We will not accept proxies. More discussion ensued. Keith Dees seconded the motion. The vote was 8 agree, 3 oppose and 2 abstained by a show of hands. The motion passed. A comment was made “This gives the Voice back to the POA members.” Discussion continued on this matter again, later in this meeting.
9. Scheduled meetings---John Cameron made a motion that the regularly scheduled meetings of the board are not to be changed. Discussion included: Poor weather conditions, board members plan their schedules long term for these meetings, special requests from board members, if a member is unable to attend, and then he just misses the meeting. Bob Hamilton seconded the motion. The vote was 13 agree and 0 oppose by a show of hands. The motion passed unanimously. Email voting is not valid. (Phone calls and emails are OK for getting opinions, general consensus or ideas only.)
10. Volunteer work for Sky Harbor---FY I--- Junior Webb does about 1,000 hours of volunteer work in a year’s time. Other board members put in a lot of time on discovery and fact finding also. Junior Webb is going to limit all the volunteering he has been doing. Junior needs to get paid for his labor. This is only right.
11. Adjournment---A motion was made by Jim Hale to adjourn the meeting. A motion to adjourn over rides continued discussion and voting. This was at 3:43pm. Many members left so there was no second or vote.

Respectfully submitted,  
Mary Jo Beard, Secretary

Several board members continued a discussion about having the dinner at the Annual Meeting. Which accountant do we use? The choices are Fortner Smalley, Pratt management, Keith Dees’ suggestion and Greg Bullock’s suggestion. Nothing could be decided because many members left. These issues will have to be tabled. The time is 4:09pm.

