

## **Nov 2017 Documents – 11/4/17**

- Board Meeting Minutes
- Secretary Report – Summary of Status of Board Topics
- Bylaw Committee Report
- 1<sup>st</sup> Quarter Financials
- Budget FYE 18

Sky Harbor POA Board Meeting  
Saturday, November 4, 2017  
1:00 PM  
Club House Lodge

Board Members in attendance:

Chris Muster (Chairman), Emil Guminey (Vice Chairman), Cheryl Lowery (Treasurer), Kelly Frontroth (Secretary), Billy Duncan (Parliamentarian), Jimmy Lowery, Bob Hamilton, Mark Brandenburg, Steve Wineki, Keith Dees, Margaret Gumieny, Cher Boisvert, Bill Binger, and Junior Webb.

Randy Lange was telephoned into the board meeting.

Guest in Attendance: Gary Whitehead, Melissa

Chris Muster called the meeting to order. Jimmy Lowery opened the meeting with prayer. Everyone introduced themselves.

Before any business was conducted, Chairman Chris Muster presented a stack of paperwork he had picked up from the pool table after the last meeting. There were various items including the election tally sheets that Billy Duncan had been requesting. There had been a posting on the Sky Harbor Facebook page about one homeowner and spouse voting for each lot they owned. There was concern from one of the members that tallied the vote that this may have been incorrect. The homeowner produced an opinion from his attorney that the vote was correct. Several board members replied on Facebook that they were encouraged by the elected board and were looking towards moving forward. Prior to the November meeting Kelly Frontroth emailed all of the board members that if anyone had any paperwork that needed to be kept for future record to please get it to her so that she could organize it. Chris turned the paperwork from the annual meeting over to Kelly the night before the meeting. Upon review of the stack, Kelly found the tally sheet. She recalculated the tally sheet backing out the votes in question and it made a difference in three of those that had been elected; Kelly Frontroth, Chris Muster and Emil Guminy. Chris stated that the three has conferred and were willing to stay in their current positions if the board wanted them to stay, but due to the circumstances, all would need to stay or go. The decision was up to the board. Margaret asked if we could be sure that that paperwork contained complete and correct information and had not been tampered with. The answer was no. Bob Hamilton stated that at the annual meeting an agreement was made with the general assembly to move forward and motioned that we move forward as we are with the current board. Jimmy Lowery seconded the motion. Steve asked with the recalculation, who would have been on the board. Matt Naas, Carl Kincheloe, and George Tanley. Cheryl advised the votes should have never been recalculated and it is a moot point. The board was elected at the annual meeting and the board should stand elected for the year. Mark's opinion was that they should have only been recalculated if there was a challenge. It is already out in Sky Harbor world that the votes from this couple were counted and the question will be addressed by the bylaw committee to clarify the bylaw. Billy advised he had a letter prepared as parliamentarian for the board addressing this issue but chose not to read it. The letter clarified the attorney's opinion as having taken two different parts of the

bylaw and blending them coming to the published opinion on Facebook. The bylaw has no ambiguity in it as it states a member is defined as each individual person owning a vested interest of no less than 25% in one parcel or parcels. It also goes on to state that each such member shall have one vote. His intention was not to negate the votes in this election, his intention was to say let's not let this happen again. The Founding Forefathers made this provision to prevent an individual or developer from coming in and controlling the board and being able to do whatever they want. Cher asked if the three board members concerned wanted to stay on the board. She wanted to make sure those in question were comfortable and was not using this as an opportunity to withdraw. It was confirmed that they did want to stay but wanted everything in the open that resulted as of Friday's discovery. Members of the bylaw committee advised that this issue is being addressed. Bob called for a vote on his motion. The vote was 11 In Favor; 0 against; and 3 abstained - Kelly, Chris, and Emil. Cher pointed out that the three board members in question should abstain.

### **Approval of Minutes from the August Meeting.**

Mary Jo Beard submitted minutes for the 4<sup>th</sup> quarter board meeting and annual meeting the Friday evening prior to the board meeting. Minutes were emailed to the prior board as she did not have a list of emails for the current board. Margaret forwarded to all of the board members and Keith brought in printed copies. Cher and Mark requested the minutes be tabled until the end of the meeting so that they would have time to review during breaks.

### **Secretary Report**

Kelly Frontroth submitted a written report. See *Attachment A*  
Moved by Chris Muster and seconded by Bob Hamilton to accept the Secretary's Report. The vote was 14 In Favor, 0 Rejected, and 0 Abstained.

### **Treasurer's Report**

Cheryl Lowery submitted Budget for Fiscal Year Ending 7/31/2018 and first quarter financials with as much information as she has received up to this point. See *Attachment B*.

Cheryl stressed that she has attempted to get as much information as she could, but she still has not received all of the information that she has requested and needs. She prefaced by saying she cannot stand behind these numbers and they may change as the information from Pratt is received. Billy questioned if the information was from the Fortner Smalley mess or if this information was in Pratt's control. Cheryl replied that the biggest problem is Fortner Smalley used Peachtree Accounting and Pratt uses QuickBooks. The two programs are not compatible and not easy to convert. Instead of converting and then trying to clean up the accounting, Pratt is trying to do both at the same time. Pratt has hired Diane Miller who is a CPA and Paige Baty to work on our account.

Cheryl reviewed the budget line by line. In addition to her notes out to the side of the budget, the following questions were asked or comments made.

Lodge Insurance: Kelly wanted to note that the figure for insurance on the lodge would be for new policy if the proposal was accepted by the board.

Contractor Other: Steve asked what the \$10,000 was for specifically. The answer was it was in former budgets for work that is not in Junior's contract that needs to be done for the Sky Harbor POA.

Professional Fees – Legal: The questions was asked why we were paying for legal fees and expenses due to collections. When the attorney files a lawsuit/lien, the fees are billed to the client who must pay upfront. These fees are then added into the customer's expenses to settle the lawsuit/lien. When the case is settled, the client gets their money (which included the fees and expenses) less 1/3 the amount collected. Steve advised that this is not uncommon it is standard operating procedure for most attorneys. Prior to this we were paying a collection agency 50%.

Ending Cash Balance – \$127,892.31 sounds like a lot, but our low balance for the year will be around \$60,000. If we spend more, that low balance will get lower every year. Cheryl recommends that balance never go below \$50,000. We need to think about our revenue and really think before we spend. Cher asked if we could expect any other income. Cheryl advised that would depend on any collections we could receive.

Approval of tentative budget was tabled until the end of the meeting to see if any figures need to be changed.

***First Quarter Financial Statement*** was then reviewed by Cheryl. *Attachment C.* There were questions asked about figures for dues collections, in July, which is not reflected in this statement as it was in the last fiscal year. Cheryl again stated this is information she did not receive and has been promised that our accounts would be brought up to date by November 30. She now has access to the bank statements, the information contained on this sheet is correct by the bank statements.

Items Discussed:

Hot Tub – Why are we paying an extra fee and why is it not included with housekeeping? That question needs to be asked to Bear Camp.

Lodge Repairs - Who reviews or authorizes repairs to the lodge performed by Bear Camp? Billy advised that most rental companies give a choice to the owners for the management company to do all repairs, or they let the owner know and the owner advises what to do. There needs to be a dollar amount and anything over that amount must be authorized by a contact for SHPOA. This idea was tabled for new business cabin maintenance.

### ***Procedures for collections***

When do we want to send reminder letters to those who still owe for the current year? If Pratt sends letters SHPOA will pay extra as it is outside of the contract. Their contract is only for mailing out the initial bills once a year. Everything from last February back has been turned over to them for collections. Steve has been involved in this type of process with a city and the board has to determine how we can make it cost effective and show them we are serious about collections. Bob agreed. Billy recommends that a onetime reminder form letter be developed (not by him) and if he is furnished the names and addresses, he will prepare the letters and mail them out. He will only be reimbursed for supplies, not his time. Chris recommended we do this at the February board meeting. Jimmy recommended that the attorney draft the form letter. Emil

agreed to the attorney doing a boiler plate letter. Mark agreed to sending a onetime good faith letter to delinquent customers giving them 30 days to bring their account up to date and letting them know that the next letter would be from the collections attorney. Bill asked when Pratt considers delinquents in collections. Cheryl advised not until we turn them over. The board has agreed to follow this process at the February meeting.

Cheryl advised Pratt has approximately 70 accounts they have ready to turn over for lawsuits. They are waiting on the board to give them the go ahead. The cost will be approximately \$200 to \$250 for each case. How many do we want to give Pratt the authority to move in that directions? Cher questioned if there was anything more we could do before pursuing the lawsuit. Cheryl advised that these were the ones we have already turned over to Pratt. Pratt does not recommend we file the suits all at one time. He just needs to know an initial amount we want to designate for him pursuing these lawsuits, and he will take it from there. Lawsuits need to be filed a few at a time so that we can establish a working relationship with the judge. That way when we have to file a more difficult suit, we have already established a reputation with the judge. Bob and Emil reminded the board that accounts cannot cherry pick which lawsuits are filed first as that is seen as targeting. The best way is to let the attorney choose the ones to be filed. Cher asked what the criteria was for being turned over to collections. Billy advised it was anything over \$500 Cheryl advised everything was turned over in February even those under \$500. Bob feels that at a prior board meeting it was recommended everything be turned over. Billy recommended we check the minutes. Margaret found the section in the February minutes that advised anything over \$500 was to be turned over. Steve questioned range dollar amount of delinquent accounts turned over from lawsuit. \$500 - \$16,000. Steve pointed out the return needs to be an adequate investment. Even though we cannot cherry pick we can state oldest to newest, highest to lowest, or a certain range. Kelly questioned was it \$500 and 3 years or just \$500. It is just \$500 which would could possibly be 2 years with fees. Since the minutes reflect anything over \$500, we need to go back and recapture the lower accounts and bring them into the letter process at the February meeting. Bob advised that he believes the contract was for all amounts. Cheryl said she received a spread sheet which showed a lot of amounts they collected from the 2016 dues after February that they received the 1/3 collection fee. According to her conversation with Pratt, we have 3 contracts – Management, Legal Representation, Collections. They will not give her copies of the contracts as they have advised they gave them to Bob and Jeff and she needs to get them from them. Bob is to get a copy of all contracts from Pratt. Bob will contact Pratt on Monday and advise they should respond to the elected officer's requests. As contracts renew with Pratt, we will put in the contract that reply to our requests within 24hours. Back to the matter at hand. We have \$5000 allocated in the budget for legal fees. It was recommended that we revisit this quarterly. Since this is the second quarterly meeting allocate \$2500 to get Pratt started in the process of filing lawsuits. Steve advised that we also need to let him know we are looking for a return on that investment and need to be kept advised of those figures. Chris Muster made a motion we allocate \$2500 to Pratt for lawsuits. Bob Hamilton Seconded the motion. 14 In Favor, 0 Against, and 0 Abstained. Vote was unanimous. Randy was good with that decision.

Billy advised that voicing in with Randy is really not working.

Pratt wants us to discuss nonjudicial foreclosure. That is not in our bylaws and we cannot address at this time but he wants us to discuss for bylaw change.

### ***Homeowner's dues issues***

Bill Binger showed where he had sent 2 checks for a total of \$1000 last year. Cheryl will get with Paige and see where that was applied.

Conin-Smith advised that she sent Fortner Smalley a check back in 2008 that said "Paid in Full" when all she was really doing was paying the current bill. She had some \$600 owing prior to 2008. She has paid her bills since that time and is asking the board to waive the amount prior to 2008 because her check said Paid in Full and she feels she has paid it in full. Property owner wants her debt forgiven. Board said No. She will need to pay or be turned over to collections.

***Reserve Account*** needs to set up. Moved by Chris Muster and seconded by Cher Boisvert to set up a reserve account for our monies. It works as a sweep account. All monies are kept in a higher interest account until needed. 14 For, 0 Against, 0 Abstained. Vote carried unanimously.

***Credit Card.*** Pratt has the ability for property owners to pay by credit card. Convenience fees will be paid by the property owner. Mark Brandenburg moved and Bill Binger seconded to allow Pratt to set up payment by credit card. Emil likes the idea as that can be paid through QuickBooks. A note and eventually a link can be add to website. 13 In Favor, 0 Opposed, 1 Abstained - Junior who left the room.

***Pratt want direction from 2 people.*** Chris and Cheryl were designated to sign checks but not as the contacts. Bill Binger motioned and Margaret Guminey seconded that Chris Muster and Cheryl Lowery be the designated contacts to give Pratt directions from the board. 13 In Favor, 0 Against, 1 Abstained. Junior Abstained as he left the room.

Cheryl needs to meet with Junior after the meeting to review the depreciation schedule for items SHPOA may no longer own. Diane Miller, CPA, has agreed to file the 2016 and 2017 tax returns and to deal with the penalties as our extensions have expired.

### ***Roads Report:***

We had \$63,000 budgeted but only spent \$59,000 approximate figures  
Junior Webb submitted the following road maintenance report.

Cap Orchard Drive

Curve on W Ski View left and right

Left off until front is settled Silver Poplar on right Ski View to guard shack

Finish Lamons Loop top and back side

Some at Karl Munds road – Rose Court

Off Pine Trail Paving

Hill south end of Rhododendron Ash Pass to John's Court

Cherry view  
Stone Trail  
Ridge Field Drive Number 1 = Number 2 Checked on other roads for paving  
Patching for 2017 potholes. Potholes on just about every road.  
Indian Court  
Hickory Hill

Driveways for Doal Ball - Blaylocks

- 1) Gregg Massey – Silver Poplar
- 2) Oak Court at end
- 3) Pine Court at end
- 4) Lincoln Log on Rhododendron
- 5) West Fur Street Cabin
- 6) Mass Nass and 2 others
- 7) Jack end of Easy Fur St
- 8) Off Pine Trail

Steve interjected that if we have any money left over we need to stripe the main road.

Emil brought up safety issues on the back corner (refer to the 4<sup>th</sup> quarter 8/2017 Minutes). If it is published on the website, we need to take care of it.

Bob Hamilton moved and Bill Binger seconded that the roads report be accepted. 14 For, 0 Against, 0 Abstained. Vote carried unanimous.

### **Old Business:**

**Sign Report** – Bob reported that Bob, Bill, and Mark met at the bottom of the hill and had a conversation with the Cole's on the sign progress. Mark felt blessed to be there because it gave him a new light on the situation. Bill reported it will cost Sky Harbor 210 Feet of Crush and Run and Asphalt. We have \$8,000 in budget. Plans are or the Cole's to lease us land \$1 for 100 years. Work is still being done on working out easements and right of way. Billy asked what we are still waiting on. The answer is Jonas Melcher from the County. Are we going to have different answers in February? Kenny is ready to go when approved. Bob, Bill, Emil, Margaret, and Mark have all spoken with the Cole's and feel that currently the way we are proceeding is the best way to handle this matter for now.

**Mail Boxes** – Emil reported that since the last meeting went to the post office and spoke to the postmaster. We cannot charge the way we want by putting a bill in the mail boxes. It would need to be added to the dues. Bob brought up the Bylaws stating we can have no more than a 4% increase in dues per year. Chris said the solution would be to amend the bylaws to separate out a charge for the mailbox to be added to the dues for those who want a mailbox. The question to the board is do we want to use this as an income source and deal with keys and the paperwork. If not, Junior can install another set of mailboxes and new owners can have mailboxes.

**Website** – Kelly spoke with Caren Decker concerning a way we can use the website to post information, alerts, and events without taking it down every time. The best solution was to do a separate Sky Harbor Facebook Page which is used only for an administrator to post information on. This would not be an open page for comments, it would be an information page only. Steve wants a link on website for rental to the lodge. Direct Link will be put on website.

**Legal Voting Via Email** – Our bylaws do not contain a provision for voting by email, however the state of TN does. Kelly presented a form with the TN law stated on the bottom of the sheet which could be used for email voting. All 15 members would need to consent to vote by email and then the vote would not be effective until the last form was received. Our bylaws do give a provision for the Chairman to make decisions in the interim of meetings if business needed to proceed before the meeting. The board felt this was the best way to continue to do business until a bylaw change could be made. Chris will continue to ask the board's opinion, but the ultimate decision is still up to the Chairman and Kelly stressed that even though a board member does not like it, they will still have to respect the Chairman's decision.

On a side note concerning emails. The board wants to be transparent, but if you have a personal message such as a Happy Birthday or a Good Job, please send it directly to that individual. If it is something that a particular board member is working on that someone notices, send it to that individual board member. Example Kelly know that Cheryl is waiting on a figure from her for the budget, send it to Cheryl not all 15 board members. The figure will be in Cheryl's budget report. If it is an issue that needs to be addressed by the board as a whole, send it to the whole board. Randy liked that we were working towards better communication. He asked what the possibility of a conference call once a month was. Kelly's opinion was that with 15 different schedule, it would be very difficult to coordinate, however, she would be willing to continue to do an email synopsis and spread sheet as she has done in the past.

**Pratt** – On December 1<sup>st</sup> Cheryl expects to have an operating QuickBooks program as promised. If not, she is not going to be tolerant of leaving the accounting with them. Billy said we need to have discovery before December 1<sup>st</sup> for a backup in the event we move it. He does feel that Pratt should remain on collections as he has done a good job at that. Cheryl agrees with that if it can be organized like that. Keith recommends Millstone Accounting. Billy asked about cost of moving to a new accountant. Cheryl advised that the issue will be who will be doing the billing. Kelly asked Cheryl in her opinion, who should bill. Cheryl said that in her opinion Pratt should do collections and a CPA should do the billing and accounts receivable. Estimating it will probably add \$2500 to our annual budget. Cheryl will be working on discovery before December 1<sup>st</sup>.

### **Insurance**

Kelly Frontroth reviewed the insurance policies and the changes that needed to be made.

The POA Directors & Officers Liability and Property Policy is through Farmers Insurance. All looked in order on that policy. We have a Crime Insurance Policy written through Erie with Virginia Forms. We can increase the Employee Dishonesty on the



D&O and get rid of the Crime Policy. Bylaws require a \$50,000 bond. Chris moved we replace the separate Crime policy with the coverage under the D&O policy. Jimmy seconded the motion. 14 For, 0 Against, 0 Abstained. Unanimous.

Cabin Insurance is currently through Markel. The premium is \$5743.61 and contains numerous exclusions including water exclusions. With the water surrounding the lodge, that is a very dangerous situation. The coverage can be moved to Foremost Insurance Company with increase liability and without the water exclusions for \$2301.00 per year. Chris Muster moved and Jimmy Lowery seconded to place the cabin coverage through Foremost and cancel the Markel policy. 14 In Favor, 0 Against, 0 Abstained. Vote was Unanimous.

Business Auto Policy covering the trucks. Insurance on the trucks was cancelled by Hannover Insurance due to loss history. Kelly researched and found the only insurance company that would take the risk was Progressive Insurance Company. The current paid in full quote is \$6650. Previously we paid \$1900. In order to put the insurance back on the trucks, the first item that is needed is a complete list of drivers. Junior Webb is the only driver listed on the business auto policy and has been since 2013. Progressive will require a list of all drivers at the time of application. Knowingly leaving off any drivers can compromise coverage. Adding a driver just to lower premium is insurance fraud. Bill asked if we had to insure both trucks. Junior gave a scope on the use of the trucks. The 1994 (green truck) is used only to plow snow. The 2006 (red truck) is used for Sky Harbor all year around and a backup for snow plowing or when both trucks need to plow snow at the same time. Cher asked how putting other drivers on our policy helps us. It depends on their driving record. Another issue in the big insurance picture is that currently Junior does not carry workers compensation insurance. The people he hires and pays become subcontractors. If they are injured and he does not have workers compensation, it will fall back on Sky Harbor. We should not have to furnish Workers Comp, but if our Contractor does not carry the coverage, that leaves a very big exposure for the board. That is why there is a budgeted item for Workers Compensation Insurance. Keith said we have to answer to the homeowners why we are furnishing trucks for a contractor. Chris said since Junior and his subcontractors are the only one that drive the trucks maybe we need to look at a way for Junior to take over the trucks. Junior said he is not interested. Since he has become a contractor rather than an employee Junior figures it has cost Sky Harbor \$21,000 more and he has had to pay more out of pocket for gas and maintenance of the trucks. Steve asked when the contract runs out. November 30. From his prospective, we do not need to own trucks but we do need Mr. Webb. He asked Junior if he was comfortable with the trucks. Junior advised the transmission needs to be adjusted in the red truck. Kelly was asked her opinion. She advised that we have to have the a complete drivers list and there is no guarantee what will happen to the premium if those drivers come back with violations. Emil expressed a desire to title the trucks over to Junior and give him \$9600 (amount in budget for insurance and truck maintenance). Keith feels the only proper and fare thing to do for the homeowners is bid out the job. That includes bids from Junior as well. Cher feels that owning equipment, maintenance, bidding these are all good subjects for discussions, but right now we need to insure our trucks. Cher moved that we insure these vehicles with the very best premium we can find, add

the additional drivers, and that will give us time to sort out bidding and other issues in February. Bill Binger seconded the motion. Bob feels we need to give Junior the trucks and dissolve our liability. Cheryl said we need to cap the premium at \$6650 which is the budgeted amount.

Those in favor- Jimmy, Cher, Cheryl, Mark, Amil, Margaret, Bill

Those Opposed – Chris, Billy, Bob, Steve, Keith, Kelly

Abstain- Junior

With no provision in our bylaw for voting by phone the chair advised Randy's vote would not count.

### ***Junior's Contract***

As per Kelly, security needs to be removed from the contract. As per Junior's own admission, security is on a volunteer basis. It is more of a neighborhood watch. No security or patrolling needs to be conducted by the board or on the authority of the board. Any vehicle with a Sky Harbor Security or Patrol Sign needs to be removed. Moved by Chris Muster and Seconded by Bill Binger to remove the security clause from Junior's contract and to remove all of the magnets on the vehicles that say security or patrol. 13 In Favor, 0 Against, 1 Abstained – Junior.

Emil wants it stated in Junior's contract that before he allows someone to drive a Sky Harbor vehicle he must inform either the Chairman or the Vice Chairman and that driver must provide a copy of a valid driver's license for our records.

Cheryl wants to know what is included in Junior's contracted pay of \$4500 per month and what he is to be reimbursed for.

Subcontractors are another issue as Junior does not carry worker's compensation insurance. If someone were to get hurt, it would fall back on Sky Harbor. Cher asked about using a service that provides subcontractors that carry their own insurance. Emil advised he uses People Ready and they have an office in Knoxville. If Junior is to need a subcontractor, he is to contact Chris and Emil so that they can authorize the extra help through a labor force such as People Ready that carries their own insurance and will take care of the payroll. We will only have to pay the vendor.

Junior submitted bills for \$12,312.60 from last year for reimbursement. This is over and above the \$54,000 annual salary.

Maintenance on 1994 Chevy Truck	\$ 591.10	Budgeted
Renewal Registration on 2006 Truck	\$ 24.00	Budgeted
Labor (Jay, Paul, Jim) to fix the fence	\$1175.50	Withdrawn
Supplies to fix fence at shed	\$ 350.00	Approved
Clean up Salt Shed (Dumpster Rental)	\$ 400.00	Board Approved
Hot Tub Parts	\$ 213.00	Budgeted
Labor – Pine Ct	\$1487.50	Approved
Repairs to Club House Floor	\$ 187.50	Budgeted

Contract Labor (Subcontractors) \$7884.00 (5 months no-prior approval)

Kelly has issues with the subcontract work because there was no board approval with the exception of Junior who was the person paying the subcontractors and a board member. This is where she sees a conflict of interest between being the contractor and a board member.

Bob also has an issue because everyone was told by the National Guard to evacuate and no one should have been in Sky Harbor.

Kelly also expressed concern that there is no receipts for items, just a list of expenses written on a piece of notebook paper. There has been a lot of concern about loose bookkeeping in the past. Kelly feels that any reimbursement requests should be accompanied by receipts. Cheryl should not be put in a position of making a decision about reimbursement without a written request and a receipt. Cher asked what the best way to handle this is. Jimmy summarized what he has to do in his occupation to be reimbursed. He also expressed that he must submit his reimbursement request within a stated time or he will not be reimbursed.

Kelly Frontroth motioned that we reimburse Junior Webb for:

Maintenance on 1994 Chevy Truck	\$ 591.10
Renewal Registration on 2006 Truck	\$ 24.00
Supplies to fix fence at shed	\$ 350.00
Clean up Salt Shed (Dumpster Rental)	\$ 400.00
Hot Tub Parts	\$ 213.00
Labor – Pine Ct	\$1487.50
Repairs to Club House Floor	\$ 187.50

Which totals to \$3253.10 upon presentation of receipts to Cheryl.

Motion was seconded by Cher Boisvert

Approved: Cher, Jimmy, Cheryl, Mark, Kelly, Bill, Margaret, Emil, Chris

Opposed: Keith and Steve

Abstained: Billy, Bob, Junior

Bob Hamilton Motion that work be approved by the Chairman and Vice Chairman before work is started and original receipts must be submitted for reimbursement. Chris Muster seconded the motion. 13 In Favor, 0 Opposed, 1 Abstention by Junior.

### ***Bylaw Committee***

Cher Boisvert , Chairman reported that by February meeting the committee intends to have the proposed changes to present to the board. Cher, Mark, Randy, Steve, Bill, and Margaret are board members working on the bylaws.

Mark reviewed the goals of the bylaw committee:

Review the current bylaws in an orderly manner giving proper attention to each given based on the clarification and changes that may be necessary.

Present recommendations to the board for changes to the association membership to be able to make those decisions.

Deemed first pressing was going to be to present recommendations to improve the clarity of the process used to elect the future SHPOA board aka no more elections like the past 2 years.

Mark acknowledged that we need absentee ballot as discussed by Billy at the annual meeting. Absentee ballot is a really good thing. Proxy voting made members that could not make the annual meeting trust that whoever they designated there proxy too would vote the way they wanted.

Please see attached The Bylaws Committee Recommendations for Aug-Oct 2017.  
*Attachment D.*

The committee intends to have information mailed to all members prior to the annual meeting with a recommendation for each bylaw change. Billy advised this was done last year and was told it was illegal. The discussion was that the proposed changes last year were either yes or no, but there was not a no change or leave alone option. Billy expressed he did not see the difference in no, no change, or leave alone.

Chris thanked everyone on the committee for all of their hard work.

**Fortner Smalley Lawsuit** has been settled. Details to remain confidential according to settlement.

**Filing of police report.** Keith wants someone to show him the books and the end results final tax information. He has asked this question since 2010. Show me the books for the last 10 years for Sky Harbor. No one has been able to show him the books, records from cable, or tax returns. Only one tax return in 2015 has been filed. The board at that time forced Fortner Smalley to file. Keith advised he has not seen a 1099 for Junior prior to that time. We paid Fortner Smalley \$28,000 per year and did not receive one tax return except 2015. At a previous annual meeting it was voted to conduct and audit, however, we did not have the books to get the audit completed.

Cheryl advised there is no use to conduct an audit unless we plan on using the results. She also wanted to know what records we are looking for as Fortner Smalley advised they have turned everything back over to SHPOA. We have to be careful about opening up a can of worms with the IRS.

Keith is concerned with making sure we do things honestly and wants it on the record for the homeowners.

Chris and Keith will get together to discuss what needs to be done about filing a police report to get the books back.

Bob Hamilton moved that the request for an audit be retracted as we cannot get the paperwork to get it done. Cher Boisvert seconded motion. 14 in favor, 0 Opposed, 0 Abstained. The vote was unanimous.

### **Karl Mund - Trading Labor for Dues**

Cher Boisvert moves to let Karl Mund's credit stand as long as we can get a W-9 and appropriate documentation required by Treasurer. Keith Dees seconded the motion. 14 In Favor, 0 Opposed, 0 Abstained. Vote was unanimous. Cheryl advised that Mr. Mund now owes \$1500. We should only write off the \$750 if he brings his current balance up to date. The board agreed.

The board has agreed that from this point on there can be no more bartering work for dues and all dues must go through our accounting firm. It is cleaner to pay/reimburse someone and let them pay their own dues.

Steve advised we need RFP's (Request for Proposal) before next meeting. He will take copy of Junior's contract and work on an RFP so it can be put out for bid before the February meeting.

### **Miscellaneous Business:**

Chris Muster moved we start the next meeting at 10:00 AM. Seconded by Bob Hamilton. 13 Approved, Billy Opposed, and 0 Abstained.

Billy Duncan moved we do not have any call in as it is not in the bylaws and it slows down the meeting. No disrespect to anyone. Keith Dees seconded the motion. 10 In Favor, 3 oppose - Mark, Bill, and Cher, 1 Abstained – Junior.

### **Minutes**

Kelly Frontroth moved that the minutes submitted by Mary Jo Beard for the 4<sup>th</sup> Quarter Board Meeting be accepted as submitted. Jimmy Lowery seconded the motion. 14 in favor, 0 Opposed, 0 Abstained.

### **Annual Minutes**

Kelly Frontroth moved and Jimmy Lowery seconded that the Annual Sky Harbor POA Membership Meeting be accepted as submitted.

Mark requested that anything stating that he "thinks votes should be made by those attending meeting". Should be stricken. He does not want any implication that he only wants voting by the members at the annual meeting. Motion Amended and request to strike will be added to the motion. 14 in favor, 0 Opposed, 0 Abstained.

### **Approval of Budget FYE 7/31/2018**

Cher Boisvert moved that the budget for the fiscal year ending 2018 be approved as submitted by Cheryl Lowery. Mark Brandenburg seconded the motion. 14 In Favor, 0 Opposed, 0 Abstained. Unanimous.

Summary of Status of Board Topics:

### ***Sky Harbor Entrance Sign***

The only action Sky Harbor is responsible for is the paving of the road.

Kenneth Cole has had sight surveyed and is preparing a site plan for the County and Jonas Melcher.

### ***Website***

Kelly contacted Caren at Double Decker. The minutes from the second board meeting were posted as well as the new list of board members and their contacts. Clean up was also done on the front page. Keith is having the map condensed so that it can be placed on the website. Kelly and Carin discussed ways that Alerts could be posted in the event of important announcements or emergency alerts. It was felt the best way would be to make a Facebook Page "Sky Harbor TN Information and Alerts". This would be separate from "Sky Harbor Property Owners". This page would be for information only. No one would be able to post comments. It would be an open page where anyone, including renters can find information on such things as road conditions. There would be a link from the website to the page and the page to the website. We would need to let everyone know of these two ways of communication.

### ***Accounting***

Cheryl has been working with records given to her, Jeff Lukarellie, Gregg Pratt, Paige Baty, as well as others who could answer questions. Cheryl has requested everyone that needs items put in the budget to please get them to her so that she can try to put together a working budget. Cheryl will give an update at the meeting.

### ***Minutes from 1<sup>st</sup> Board Meeting and Annual Meeting – August 5***

No minutes have been received from Mary Jo. Emil has the 1<sup>st</sup> Board Meeting on audio. There was mixed review among the board about the new board taking care of the minutes from the previous board meeting and the annual meeting. Mark has volunteered to transpose the recording Emil took at the first board meeting. There is no recording of the annual meeting.

### ***Contractor***

Junior signed contract extending his services until 11/30/2017 and has provided a Certificate of Insurance. Extension of the contract will be discussed at the November meeting. The board needs to make sure we are operating within a contractor environment and not an employer/employee environment. Junior Webb as Contractor and Road Maintenance Chairman is to submit a road maintenance schedule for Sky Harbor.

### ***Trucks***

Questions that have come up about the trucks:

- 1) Where are the titles
- 2) What are all of the uses for the vehicles
- 3) Repairs Needed
- 4) Maintenance Plan
- 5) Insurance

### ***Road Maintenance Costs***

There was a recommendation to work off of bids for road maintenance. All interested parties should bid, including Junior. A little higher rate may be justified for premium service as long as it is not in excess of reasonable expense as we have a fiduciary responsibility to the homeowners.

### ***Filing Police Report***

The board needs to retrieve our accounting books from Fortner Smalley and John Cameron. Brownlow Marsh, Deputy District Attorney of Sevierville, TN advised the board needs to appoint a board member to file a police report with the Sherriff Department and the board needs to hire a tax attorney.

### ***Mailboxes***

Prior board discussed charging a \$50 fee for mailboxes

### ***Committee Formation***

The chairman has authorized Cher to form a Bylaws Review Committee to clarify, adjust, and bring bylaws up to the working standards of a current responsible Homeowners Association. Other committees may be formed at the November meeting. Recommendations for committees are Road and Safety, Emergency Preparedness, Signage and Grounds.

### ***Results of Annual Meeting Elections***

Public Conversation was made concerning votes and how they were counted. Finally tally sheet needs to be posted to the website included in the annual meeting minutes.

### ***Work Trade for dues***

A hand written receipt from homeowner surfaced for work/trade for dues (Karl Mund) paid contractor. How do we proceed?

Option 1: Honor record by showing 2 verifying board members and send 1099 to Mr. Mund as the amount exceeded the amount required by the IRS to require a 1099.

Option 2: Approve reimbursement for Mr. Mund for his expense for debris removal and advise he still needs to pay his tax bill. Require true bill from contractor.

Option 3: No true bill from contractor/No reimbursement/Still owes taxes.

Driveways: Who was granting work, who was doing work, who was providing material, how was Sky Harbor being reimbursed?

### ***Collection of Dues by a Board Member***

It was questioned why dues were being collected by board members in lieu of the accountant. It was felt the only the accountant should collect dues. A notice needs to be placed on the website and on next year's dues invoices.

### ***Legal Voting***

According to TN Law 48-58-202 voting by email is legal, but must meet certain requirements:

- 1) All board members must consent to vote outside of a meeting and at least 8 members must approve to pass.
- 2) One or more written consents describing action taken must be signed by each board member and included in the minutes.
- 3) Action is effective when the last director signs consent or a different effective date is specified.

## The ByLaws Committee's Recommendations for Aug-Oct 2017

- ByLaws Committee Recommendations so far:
  - Ballot Forms will be provided to each property owner who meets the current definition of a Member of the SHPOA.
  - Bios of all members nominated for the Board will be included with each Ballot, but not necessarily on the Ballot itself.
  - Ballots may include other matters which require approval via a SHPOA Member vote (not a Board vote), such as legislative changes to the CCRs or issues the Board deems necessary.
  - Electronic Voting will be allowed (if fiscally feasible/possible).
  - Electronic Communications (specifically and at a minimum email) should be added as an approved option to give notice of a Special Meeting to bring us into the 21<sup>st</sup> Century. If we need to make room for electronic mail (email) as an option, we can replace the telegram.
  - Votes will be cast per property, regardless of the number of Members attached to that property.
    - Each Lot # will be allowed to cast a vote for the Annual Meeting or any Special Meetings.
    - If there are multiple owners on one lot, they need to work it out amongst themselves who will represent their property for voting purposes.



Sky Harbor POA				Aug	Sep	Oct	Total	Budget Balance of Budget	
Budget FYE 07/31/18				Actual FYE 07/31/18					
<b>Income</b>									
Dues - current year									
Total invoiced	\$	228,747.15							
% Expected to collect		80%	\$	183,000.00	117,266.17	18,044.22	9,208.35	<b>144,518.74</b>	38,481.26
Dues - previous years									
Total uncollected as of 07/31/17	\$	227,971.38			9,881.70			<b>9,881.70</b>	(9,881.70)
% Expected to collect		20%							
Collection Fees		(13,678.28)	\$	31,920.00	(558.80)		(722.15)	<b>(1,280.95)</b>	33,200.95
Lodge Income			\$	27,000.00	4,060.00	406.60	1,823.60	<b>6,290.20</b>	20,709.80
Interest Income			\$	240.00	20.00	22.59	23.39	<b>65.98</b>	174.02
Other Income			\$	-				<b>-</b>	-
			\$	-				<b>-</b>	-
			\$	-				<b>-</b>	-
<b>Total Income</b>			\$	<b>242,160.00</b>	<b>130,669.07</b>	<b>18,473.41</b>	<b>10,333.19</b>	<b>159,475.67</b>	<b>82,684.33</b>
<b>Expenses</b>									
Lodge									
Cable		\$	3,060.00	251.14	253.84	253.80		<b>758.78</b>	2,301.22
Credit Card Fees		\$	2,970.00	42.92	4.30	18.31		<b>65.53</b>	2,904.47
Gross Receipt Tax		\$	2,700.00	40.60	4.07	18.24		<b>62.91</b>	2,637.09
Hot Tub Fees		\$	750.00	60.00	15.00	60.00		<b>135.00</b>	615.00
Insurance		\$	2,500.00					<b>-</b>	2,500.00
Management Fees		\$	6,750.00	1,054.00	140.65	494.90		<b>1,689.55</b>	5,060.45
Pest Control		\$	360.00	30.00	30.00	30.00		<b>90.00</b>	270.00
Property Tax		\$	970.00			71.00		<b>71.00</b>	899.00
Repairs / Maintenance		\$	2,000.00	149.25	153.59	718.71		<b>1,021.55</b>	978.45
Supplies		\$	500.00		3.12			<b>3.12</b>	496.88
Utilities		\$	4,200.00	345.72	287.43	252.54		<b>885.69</b>	3,314.31
<b>Total Lodge</b>		\$	<b>26,760.00</b>	<b>1,973.63</b>	<b>892.00</b>	<b>1,917.50</b>		<b>4,783.13</b>	<b>21,976.87</b>
Operating Expenses									
Bank Charges		\$	480.00	40.00	40.00	40.00		<b>120.00</b>	360.00
Contract Labor									
Junior Webb		\$	54,000.00	4,500.00	4,500.00	4,500.00		<b>13,500.00</b>	40,500.00
Other		\$	10,000.00					<b>-</b>	10,000.00
Insurance									
Auto		\$	6,600.00					<b>-</b>	6,600.00
Crime								<b>-</b>	-
D&O, Property Liability		\$	1,000.00					<b>-</b>	1,000.00
Workers Comp		\$	1,000.00					<b>-</b>	1,000.00
Meeting Expenses		\$	700.00					<b>-</b>	700.00
Office Supplies		\$	500.00	60.07				<b>60.07</b>	439.93
Professional Fees									
Legal		\$	5,900.00	300.00		375.00		<b>675.00</b>	5,225.00
Audit		\$	-					<b>-</b>	-
Accounting		\$	19,080.00	4,360.70	1,050.00	1,670.00		<b>7,080.70</b>	11,999.30

Property Tax	\$	280.00				79.00	<b>79.00</b>		201.00
Repairs / Maintenance - Equipment	\$	1,500.00					-		1,500.00
Repairs / Maintenance - Trucks	\$	3,000.00					-		3,000.00
Repairs / Maintenance - Roads	\$	2,500.00					-		2,500.00
Security	\$	500.00		200.00			<b>200.00</b>		300.00
Supplies	\$	1,000.00		40.12			<b>40.12</b>		959.88
Taxes	\$	4,000.00			20.00		<b>20.00</b>		3,980.00
Utilities	\$	2,400.00		182.43	185.11	187.40	<b>554.94</b>		1,845.06
Website Expense	\$	500.00					-		500.00
Total Operating Expenses	\$	114,940.00		9,683.32	5,795.11	6,851.40	<b>22,329.83</b>		92,610.17
Total Expense	\$	141,700.00		11,656.95	6,687.11	8,768.90	<b>27,112.96</b>		114,587.04
Net Profit	\$	100,460.00		\$ 119,012.12	\$ 11,786.30	\$ 1,564.29	<b>\$ 132,362.71</b>		\$ (31,902.71)
Other Expected Cash Expenditures									
New Equipment	\$	-					-		-
Fountain	\$	-					-		-
Paving									-
Front Entrance	\$	8,000.00					-		8,000.00
Pine Ct	\$	2,000.00					-		2,000.00
Piney Ct	\$	1,000.00					-		1,000.00
Road Maintenance	\$	112,034.28	\$	123,030.00			-		112,034.28
Total Other Cash Expenditures	\$	123,030.00		\$ -	\$ -	\$ -	\$ -		\$ 123,034.28
Net Change in Cash	\$	(22,570.00)		\$ 119,012.12	\$ 11,786.30	\$ 1,564.29	<b>\$ 132,362.71</b>		<b>\$ (154,936.99)</b>
Beginning Cash Balance		150,462.31		150,462.31	269,474.43	281,260.73	<b>150,462.31</b>		
Ending Cash Balance	\$	127,892.31		269,474.43	281,260.73	282,825.02	<b>282,825.02</b>		
Cabin Net:	\$	240.00		\$ 2,086.37	\$ (485.40)	\$ (93.90)	\$ 1,507.07		

# Sky Harbor POA

Budget  
FYE 07/31/18

Notes

**Income**

**Dues - current year**

Total invoiced	\$	228,747.15	
% Expected to collect		80%	\$ 183,000.00

Total dues invoiced for FYE18 - 476 unimproved lots at \$145.65 ea , 595 improved lots at \$243.45 ea. Total of 1,071 lots billed  
Based on past experience, how much is expected to be collected in this fiscal year

**Dues - previous years**

Total uncollected as of 07/31/17	\$	227,971.38	
% Expected to collect		20%	

Total dues owed for all prior years as of 08/01/17  
Percentage of this total that is expected to be collected in this fiscal year

Collection Fees		(13,678.28)	\$ 31,920.00
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Fees charged for the collection of these past due amounts (enter as a negative number)

Lodge Income			\$ 27,000.00
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Expected 150 days rented @ \$180 / day average

Interest Income			\$ 240.00
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Other Income			\$ -
			\$ -

List description of source and amount expected

<b>Total Income</b>			<b>\$ 242,160.00</b>
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**Expenses**

**Lodge**

Cable			\$ 3,060.00
Credit Card Fees			\$ 2,970.00
Gross Receipt Tax			\$ 2,700.00
Hot Tub Fees			\$ 750.00
Insurance			\$ 2,500.00
Management Fees			\$ 6,750.00
Pest Control			\$ 360.00
Property Tax			\$ 970.00
Repairs / Maintenance			\$ 2,000.00
Supplies			\$ 500.00
Utilities			\$ 4,200.00

Charter Communications  
Charged by Bear Camp Realty - 11% of gross rental  
Paid by Bear Camp Realty - 10% of gross rental  
Paid to Bear Camp Realty, \$15 / ea for 50 stays  
Only record insurance here that is specific to the lodge or rental operations  
Paid to Bear Camp Realty - 25% of gross rental  
Paid to Bear Camp Realty - \$30 / month, We also paid Orkin and TC Environmental - not sure what those were for and if they will need to be included for this year.  
Property Tax bill for the Lodge - real property bill plus personal property tax bill if we have one  
Repairs to the lodge and any furniture or equipment at the lodge.  
New items purchased for the lodge  
Electricity or gas used by the lodge

<b>Total Lodge</b>			<b>\$ 26,760.00</b>
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**Operating Expenses**

Bank Charges			\$ 480.00
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\$40 / month for remote deposit

**Contract Labor**

Junior Webb	\$	54,000.00	
Other		\$ 10,000.00	\$ 64,000.00

Per Junior

**Insurance**

Auto	\$	6,600.00	
Crime			
D&O, Property Liability		\$ 1,000.00	

Estimate  
We have this now but may not renew per Kelly  
Quotes from Kelly

Workers Comp	\$	1,000.00	\$	8,600.00
Meeting Expenses			\$	700.00
Office Supplies			\$	500.00
Professional Fees				
Legal	\$	5,900.00		
Audit	\$	-		
Accounting	\$	19,080.00	\$	24,980.00
Property Tax			\$	280.00
Repairs / Maintenance - Equipment			\$	1,500.00
Repairs / Maintenance - Trucks			\$	3,000.00
Repairs / Maintenance - Roads			\$	2,500.00
Security			\$	500.00
Supplies			\$	1,000.00
Taxes			\$	4,000.00
Utilities			\$	2,400.00
Website Expense			\$	500.00
Total Operating Expenses			\$	114,940.00
Total Expense			\$	141,700.00
Net Profit			\$	100,460.00
Other Expected Cash Expenditures				
New Equipment			\$	-
Fountain			\$	-
Paving				
Front Entrance	\$	8,000.00		
Pine Ct	\$	2,000.00		
Piney Ct	\$	1,000.00		
Road Maintenance	\$	112,034.28	\$	123,030.00
Total Other Cash Expenditures			\$	123,030.00
Net Change in Cash			\$	(22,570.00)
Beginning Cash Balance				150,462.31
Ending Cash Balance			\$	127,892.31
Cabin Net:			\$	240.00

Estimate from Kelly - do not have now but recommended

Meeting space for board meetings plus cost of meal for annual meeting picnic

Case with FS \$900 and any other expected legal fees including title searches, liens, etc \$5000

Are we still planning on having an audit performed? If so, this will need to be added to the budget.

\$835 / month Pratt, \$350 / quarter Miller, Plus Pratt expenses for Office supplies and postage (Invoice for prior year invoicing received in Aug 17 plus 4 months of management fee), \$2,100 for F&S settlement

Property tax bills for lots owned by the POA

Per Junior

Gas, Oil, Oil changes, Repairs, etc to operate the 2 SH trucks

Items needed to help maintain the road - salt, gravel, patch, etc

Personnel hired for meetings

Miscellaneous items needed

Tennessee Franchise tax - should this be paid quarterly as estimated tax payments? Also include the cost of the Tennessee annual report. Will we owe for FYE15 and FYE16 dueing this fiscal year? If so, need to double amount. Truck tags at \$30/ea

Street lights and electricity for guard shack

Double Decker expenses to maintain our website

\$4,000 included in Jeff's budget figures for this year - is this still an ongoing project?

May be a lot more depending on how it is all resolved

Pine Ct - appropriated \$5K to get to Emil's lots but \$3K spent on stone in FYE17

Amount appropriated per Junior

\$62,034.28 left from Spring 17 allocation plus \$50,000 for Spring 18 per Junior