

Nov 2018 Documents

- Board Meeting Minutes 11/10/18
- Financial Info First Quarter
- Balance Sheet First Quarter
- Income Statement First Quarter
- Sky Harbor Building and Plan Approval Form

Sky Harbor POA Board Meeting
Saturday, November 10, 2018
10:00 AM
Bennett's BBQ, Gatlinburg, TN

Board Members in attendance:

Randy Lange (Chairman), Chris Muster (Vice Chairman), Cheryl Lowery (Treasurer), Kelly Frontroth (Secretary), Billy Duncan, Junior Webb, Jimmy Lowery, Mark Brandenburg, Gary Whitehead, Melissa Bingham, Bill Binger, Howard Ohl, Angie Burch, and Kenny Adams
Josh Burch conferenced in listen mode after lunch.

Randy Lange called the meeting to order at 10:05pm and Jimmy Lowery opened the meeting with prayer.

A few guidelines were set to make the meeting run more smoothly. If public is in attendance and requests to speak. They will have 3 minutes to speak and make their request to the board.

Approval of Meeting Minutes

Sky Harbor POA Board Meeting Minutes for Saturday, August 4, 2018 held at 10:00 AM were presented by Kelly Frontroth, Secretary. Angie Burch moved the minutes be approved as submitted. Motion was seconded by Bill Binger. With no additions or corrections to the minutes, the minutes were approved as submitted. Vote: Unanimous

Sky Harbor POA Board Meeting Minutes for Annual Meeting Saturday, August 4, 2018 held at 1:00 PM were presented by Kelly Frontroth, Secretary, for review and corrections only. There were no corrections from the board. The annual meeting minutes are approved at the next annual meeting.

Sky Harbor POA Board Meeting Minutes for Saturday, August 4, 2018 held at 4:45 PM were presented by Kelly Frontroth, Secretary. Bill Binger moved the minutes be approved as submitted. Motion was seconded by Billy Duncan. With no additions or corrections to the minutes, the minutes were approved as submitted. Vote: Unanimous

Public Comments

Jeanette Dyer emailed the board November 1, 2018 requesting discussion of balance due Sky Harbor. Randy Lange (chairman) and Cheryl Lowery (treasurer) entertained conversation with Mrs. Dyer. The conversation was a reiteration of the previous conversation with the board at the August 4, 2018 meeting. Mrs. Dyer will still not pay her dues as she feels she is owed restitution. She still has not provided any receipts. Randy reiterated the board's stance without any attempt to make any dues payments including her current dues, the current legal proceedings would continue to move forward.

Public Information in the form of members list has been requested by a couple of property owners. The board's responsibility is to maintain the roads and property of Sky Harbor and overseeing the POA's financials. Due to time, responsibility, and ever changing privacy laws, the board will not be providing membership list. Public information on property owners can be found at https://www.assessment.cot.tn.gov/RE_Assessment/SelectCounty.aspx. for anyone requesting this information.

Emil Gumienny addressed the board on two issues. He would like us to publish on the POA website a list of properties with liens and foreclosure's filed against them. He feels this may give property owners more of an incentive to pay their debts. The POA needs the money for the roads. He also advised his road, Pine Ct, is still not passable. In early 2017 he presented the board with an estimate in the amount of \$17,000 to pave his road. The board didn't have the money in the budget and Junior Webb, Road Chairman, felt \$5000 for stone to be put on his road may be the answer to his problem. It did not work as planned due to the run off from Orchard. Emil proposed the board deed the road

over to him so he can obtain a loan and maintain his own road and make payments on the loan instead of to the POA. If the board does not want to deed over the property, he would like a representative of the board and an engineer to evaluate his road and find out exactly what it will take to make a proper road. Randy Lange thanked Emil for his comments and advised that over the next 90 days, his issues will be discussed between the road committee and the architectural committee.

Treasurer's Report

Treasurer's Report was submitted by Cheryl Lowery, Treasurer. *See attached Balance Sheet, Income Statement, and Quarterly Accounts Receivables.* All forms are in Cash Basis which is the way we file our income tax. On a Cash Basis the Accounts Receivable do not show up on the financials so Cheryl has provided a separate sheet so that the board can see a breakdown. On the Income Statement, Cheryl will correct the line item "Contract Collection- Pratt Aycock". Collections are ahead of what they were this time last year. The new accounting firm has done a diligent job in making sure an invoice went out for every property. An invoice went out for every property and the envelopes were counted before they were mailed to insure 1196 went out. Any return mail, Cheryl has worked to track down correct addresses for the proper property owner. Procedures have been put in place for Pratt Aycock and Millstone Weir to help with collections. Current dues are to be paid first. Once that has occurred, if property owner needs a payment plan one can be set up for a defined period of time. A contract is actually signed by the property owner committing to the payment plan and freezing the collections proceedings.

The Finance Committee will be contacting the small number of property owners over the next few months that are not current on this year's dues to try to collect payment.

Members of the finance committee, Cheryl Lowery, Angie Burch, and Melissa Bingham, have been imputing all of the surveys into Xero and establishing the infrastructure of our membership in our accounting program.

Email addresses have been imputed for 488 property owners (approximately 40%).

If any board member is approached by a property owner with a question about financials, they need to advise the property owner to email their questions to dues@skyharborpoa.org. This goes to the treasurer, secretary, and chairman and will be answered promptly. Any other questions a property owner may have needs to be emailed to info@skyharborpoa.org. All questions need to come via email not phone.

Financial Committee Report

Two properties on Sevier County Tax Records, Orville Agyer, Beach Front Dr. Lot 1065 and Brewton on Ridgefield Dr. Lot #338, are being billed to Sky Harbor in both the individual's name and Sky Harbor. Cheryl would like to see these with a clear deed and then in February the board can decide what they want to do will all lots owned by Sky Harbor. Kelly Frontroth made a motion that the Financial Committee find out how these properties are deeded and what needs to be done to have them placed in the name of Sky Harbor with a clear deed. Motion was seconded by Chris Muster. Jimmy Lowery volunteered to take the lead on this discovery. Motion was so amended with Jimmy reporting his findings to the Financial Committee. 14 For, 0 Opposed, 0 Abstained

Insurance. The lodge insurance more than doubled this year (\$5400) due a change of fire protection class and a base rate increase in the Gatlinburg/Sevierville area. The insurance has been moved to State Farm which carries the General Liability Insurance and D&O for Sky Harbor. The annual premium is \$2929 which is slightly over budget. Contractor now has proper insurance.

Road Committee Report

Safety Items. 11 places were identified as needing outdoor lighting, 24 road signs are needed, and an estimate was received for guardrails. \$7400 was already budgeted for safety items. Randy Lange moved the Safety Items budget be increased to \$12,000 to cover the needed safety items with additional funds coming from Repairs and Maintenance – Emergency Repairs budget. Billy Duncan seconded the motion. 14 For, 0 Opposed, 0 Abstained

Paving. Randy Lange said he would like to see more paving done at an accelerated pace and not wait until annual meeting time. He has spoken with Doyle at Newport Paving about paving as soon as weather permits. There is \$90,000 in the budget and he would like to see us go ahead and set up paving projected on dues collection in August 2019. The board feels we need a Paving Plan. The road committee is to present a Phase 1, Phase 2, Phase 3 plan that can be implemented over a 3-5 year period. Once this plan is presented, the board can then entertain the accelerated paving plan at the February meeting.

Architectural Control Committee

Kelly Frontroth presented a Sky Harbor Building and Plan Approval Form for approval by the board. This form is to be used for any construction in Sky Harbor. Information for this form was pulled from the current CCR's of Sky Harbor. Chris Muster moved the form be approved. Motion was seconded by Kenny Adams. 14 For, 0 Opposed, 0 Abstained

This form will be posted on the Sky Harbor POA website. Chris Muster also proposed 2 signs be placed stating that all construction must be approved by the Architectural Committee. One sign would be placed at the entrance, and one sign will be placed at the Map/Mailbox area on Silver Poplar. He has asked the board for \$500 to purchase signs and help with the wording. Funds will come from the Emergency Fund.

The Architectural Committee consulted Pratt Aycock to make sure the steps they were taking were legal according to our CCR's. Article 1 of the Decs and CCRs grant the powers to the Architectural Control Committee as well as the power(s) to the POA itself to "approve any clearing, excavation, construction or activity of any kind whatsoever" This is a requirement that must be met in "writing" and thus the POA along with the Architectural Committee can review and implement any and all requirements to insure that any contractor or company that is approved to begin a "project" within Sky Harbor meet the damage bond/fee requirement going forward.

It was recommended the ACC meet and establish a written policy/procedure outlining the process for contractors to apply for and pay any fees. The policy/procedure should be clear enough that members may understand and can easily pass on to prospective contractors.

Kelly Frontroth outlined the pros and cons of bonds, fees in trust, irrevocable line of credit, and impact fee. The ACC asked that the board allow them to proceed with looking into a procedure for charging an impact fee. Results will be brought to the February meeting.

Policy Committee

By-Laws

There has been agreement that the current bylaws need to be amended but the how has been an issue for the past few years. Before the Policy committee proceeds they want the board to be unified in moving forward with the issues to be addressed. The following items were presented and voted on for support of change. Wording will be established and voted on at the February meeting:

- 1) One vote per lot. Moved by Mark Brandenburg and seconded by Jimmy Lowery. 14 For, 0 Opposed, 0 Abstained
- 2) One potential board member per lot. Moved by Mark Brandenburg and seconded by Chris Muster. 14 For, 0 Opposed, 0 Abstained
- 3) A bylaw to address potential board member when needed to fill vacancies between annual elections. Moved by Mark Brandenburg and seconded by Howard Ohl. 14 For, 0 Opposed, 0 Abstained.

- 4) Need for proxies/absentee voting. Moved by Mark Brandenburg and seconded by Junior Webb. 14 For, 0 Opposed, 0 Abstained
- 5) Need for formal procedures to allow board business to be conducted between board meetings. Moved by Mark Brandenburg and seconded by Jimmy Lowery. 14 For, 0 Opposed, 0 Abstained
- 6) Conflicts of interest of members serving on the Board. Moved by Mark Brandenburg and seconded by Randy Lange. 14 For, 0 Opposed, 0 Abstained
- 7) Need for language when a board member sells their property as to when/if they should be required to resign from Board. Moved by Mark Brandenburg and seconded by Jimmy Lowery. 14 For, 0 Opposed, 0 Abstained
- 8) Need for language clarifying the meaning of “whatever means necessary” to collect annual dues was pulled by the committee. The board felt we should not amend to define or clarify this language unless advised to do so by legal counsel. Mark Brandenburg seconded by Bill Binger moved not to include. 14 For, 0 Opposed, 0 Abstained

The following was recommended to be added:

- 1) Dues must be current in order to serve on the board. Mark Brandenburg seconded by Melissa Bingham moved this added. 14 For, 0 Opposed, 0 Abstained

Mark Brandenburg also advised that the committee would like to take the current bylaws structure and insert the legal language from the 2018 proposed bylaws if the language fits for the above 8 items. The proposed amendments will be brought before the board in February.

Once the board has agreed on the verbiage in February, the policy committee will have an attorney give the document a once over to make sure there is nothing that is illegal in the proposed amendments.

Billy Duncan also wanted to point out that this time last year he was at odds with Mark over the bylaws. This year they are working together and working together well alongside Howard Ohl and Emil Gumieny to make sure the proposed amendments are the wish of the board and membership.

Procedure of Dues in Collections

Randy Lange gave an outline on how accounts are handled once we turn the accounts over to Pratt Aycock for collection. As of August 2018, 115 Accounts were in collection. Currently as of November 2018 – 101 Accounts remain in collections.

- 1) Letter mailed out by Pratt
- 2) After 30 days a lien or delinquent dues assessment is placed with the register of deeds. This is the last step that payment plan can be established.
- 3) File a Civil Warrant for Judgement with the General Sessions Court – POA certifies amount owed. Judgement ordered and it immediately hits credit scores and title searches. It is cheaper than just jumping to a foreclosure.
- 4) Judicial Foreclosure – 5 properties are currently in foreclosure status.

Old Business – NONE

New Business

Walking Trail Signs- Chris Muster moved we remove the walking trails signs. These signs were put up by Junior Webb. They are not on park property. Chris Muster walked the trails and they are not passable. Bill Binger seconded the motion.

Settlers Ridge Road needs some repair work on the upper end. Matt Naas has spoken with Billy Duncan and Junior Webb about Sky Harbor helping to repair that road since he feels a majority of traffic on that road is Sky Harbor traffic. Junior Webb said he had already patched that road for Settlers Ridge. The question was should the board ask Matt to speak at the February meeting? The consensus was that we need to let the Road Committee work on Phases of roads in Sky Harbor and look at the shared area. Billy Duncan tell Matt Naas the board would like him to come to speak at a future board meeting but February may be premature.

Lodge Management

Melissa Bingham and Junior Webb were at the Lodge and John Madewell from Auntie Belham's Cabin Rentals asked them about allowing him to present the board an option for Property Management. Randy Lange met with John and was furnished with the following proposal. Auntie Belham's will spend their own money to Refurnish/Rehab the lodge, pay for all small repairs not to exceed \$1000, Provide pest control and take care of all utilities. Provide upkeep of building grounds and inside of building. Maintain Renters Insurance. Sky Harbor will be responsible for all major repairs over \$1000. They will also maintain GL and building insurance and pay property taxes. The lease will be evaluated after the second year. This agreement providing a monthly guaranteed income for our lodge will more than double our current income from the lodge. The Association will have 4 weekends out of the year for our meetings. Our contract with Bear Camp ends in March, however, the board can provide them with a 60 day notice. If agreed to change at this meeting, the keys would change hands mid-January. Moved by Randy Lange and seconded by Angie Burch that Randy Lange proceeds with finalizing the contract with John Madewell at Auntie Belham's Cabin Rentals according to the proposal. Once the contract is signed, we give Bear Camp 60 days' notice of termination. 14 For, 0 Opposed, 0 Abstained

February/May Board Meetings. All board members agreed that Bennett's BBQ was a great place to have the meeting and the February and May board meetings this year will be held at Bennett's.

Brine vs Salt. Junior Webb advised that brine was very complicated and distributing the brine on our roads could be dangerous due to the shifting of liquids. He felt the life of the road was about the same for salt and brine. Randy Lange advised that as snow season was knocking on our door, we would have to go with the salt this year, but will need to look into the differences for next year.

Jimmy Lowery motioned the meeting be adjourn. Randy Lange seconded the motion. No discussion. 14 For, 0 Opposed, 0 Abstained. Meeting Adjourned.

Respectfully Submitted,

Kelly Frontroth
Secretary SHPOA

Quarter Aug 18 - Oct 18

Total Invoiced:

Initial	244,607.39	
Late Fees	<u>7,350.00</u>	
	251,957.39	

Collected:

Jul	78,210.29	
Aug	72,806.46	
Sep	17,933.23	
Oct	<u>18,194.01</u>	
	187,143.99	74.28%

Balance	<u><u>64,813.40</u></u>	25.72%
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Total Receivables by year:

FYE18	64,813.00	
FYE17	39,638.00	
FYE16	30,252.00	
FYE15	25,642.00	
FYE14	22,466.00	
FYE13	21,604.00	
FYE12	16,198.00	
Prior	<u>83,573.00</u>	
	<u><u>304,186.00</u></u>	

We have 53 lots that are non-Pratt accounts that owe for a prior year. Of these lots there are 45 owners.

Current Year	9,271.96	
Prior Year	<u>12,968.75</u>	
Total	<u><u>22,240.71</u></u>	

We will make a dedicated effort as a finance committee to reach these 45 owners to attempt to collect these amounts. These efforts will include verifying mailing addresses with tax records, emailing and calling to reach the homeowners to see why they are not paying their dues. We hope to make all efforts necessary so that we don't have to turn these over for collections.

Of our 1196 lots, we have email addresses entered for 488 (approx. 40%) of them. We still have some questionnaires to enter but then will need to take a different focus to gain more email addresses for our database.

Balance Sheet - Cash Basis
Sky Harbor Property Owners Association
As of October 31, 2018

Oct 31, 2018 Jul 31, 2018

Assets

Current Assets		
Cash and Cash Equivalents		
Operating Account SmartBank	33,821.01	19,814.70
Savings Account - SmartBank	290,498.04	250,326.41
USD PayPal	0.00	743.73
Total Cash and Cash Equivalents	324,319.05	270,884.84
Accounts Receivable	0.00	(3.00)
Accounts Receivable - Dues	0.00	(9,279.34)
Accounts Receivable Cash Basis Adjustments	0.00	0.00
Allowance for Doubtful Accounts	0.00	(139,959.17)
Due from Pratt Aycock	0.00	432.08
Total Current Assets	324,319.05	122,075.41
Fixed Assets		
Clubhouse - Building	276,963.45	276,963.45
Clubhouse Improvements	38,871.86	38,871.86
Equipment	8,239.92	8,239.92
Improvements - 2013	108,655.97	108,655.97
Improvements - 2014	65,922.78	65,922.78
Improvements - 2015	72,897.93	72,897.93
Improvements - 2016	109,120.82	109,120.82
Improvements - Air Conditioner	3,900.00	3,900.00
Improvements - Fire/Water System	12,227.68	12,227.68
Improvements - FYE 7/31/18	90,399.33	90,399.33
Land	77,536.55	77,536.55
Snow Plow	10,611.76	10,611.76
Truck	24,861.77	24,861.77
Z - Accumulated Depreciation	(236,384.00)	(236,384.00)
Total Fixed Assets	663,825.82	663,825.82
Total Assets	988,144.87	785,901.23

Liabilities and Equity

Liabilities		
Current Liabilities		
Accrued Expenses	0.00	36,738.45
Suspense	0.00	537.54
Undeposited Funds	0.00	63.20
Total Current Liabilities	0.00	37,339.19
Total Liabilities	0.00	37,339.19
Equity		
Current Year Earnings	84,688.48	119,298.13
Retained Earnings	903,456.39	629,263.91
Total Equity	988,144.87	748,562.04
Total Liabilities and Equity	988,144.87	785,901.23

Income Statement - Cash Basis
Sky Harbor Property Owners Association
1 Aug 2018 to 31 Oct 2018

	Actual	Budget	Var USD
Revenue			
Dues Assessed - Next Year	\$0.00	\$80,000.00	-\$80,000.00
Dues Assessed - Prior Years	\$12,627.88	\$27,720.00	-\$15,092.12
Dues Assessments - Current Year	\$107,299.00	\$130,400.00	-\$23,101.00
Interest Income	\$183.82	\$800.00	-\$616.18
Late Fees Income	\$976.88	\$0.00	\$976.88
Other Revenue	-\$363.64	\$0.00	-\$363.64
Total Revenue	\$120,723.94	\$238,920.00	-\$118,196.06
Gross Profit	\$120,723.94	\$238,920.00	-\$118,196.06
Operating Expenses			
Accounting	\$5,038.25	\$12,300.00	-\$7,261.75
Bank Service Charges	\$120.00	\$480.00	-\$360.00
CC/PayPal Charges	\$160.72	\$0.00	\$160.72
Collection Contract - Pratt Aycock	\$2,462.01	\$0.00	\$2,462.01
Collection Fees - recording / liens	\$2,202.50	\$4,000.00	-\$1,797.50
Insurance - D&O & G/Liab.	\$0.00	\$1,000.00	-\$1,000.00
Legal Expenses	\$0.00	\$1,000.00	-\$1,000.00
Licenses & Permits	\$40.00	\$0.00	\$40.00
Meeting Expense	\$615.56	\$2,200.00	-\$1,584.44
Office Expenses	\$16.41	\$600.00	-\$583.59
Penalties (Non- Deductible)	\$1,120.98	\$0.00	\$1,120.98
Postage, Box Rental & Delivery	\$1,246.84	\$2,100.00	-\$853.16
Repairs & Maintenance - Emergency Maint.	\$0.00	\$9,500.00	-\$9,500.00
Repairs & Maintenance - Maint Supplies	\$40.60	\$4,000.00	-\$3,959.40
Repairs & Maintenance - Paving (general)	\$4,015.00	\$90,000.00	-\$85,985.00
Repairs & Maintenance - Rock / Gravel Road Maint.	\$0.00	\$8,000.00	-\$8,000.00
Repairs & Maintenance - Safety Maint	\$0.00	\$7,400.00	-\$7,400.00
Repairs & Maintenance - Striping & Misc for roads	\$0.00	\$4,500.00	-\$4,500.00
Repairs & Maintenance - Winter Maint.	\$0.00	\$20,000.00	-\$20,000.00
Repairs & Maintenance - Yearly Maintenance	\$16,650.00	\$63,700.00	-\$47,050.00
Supplies	\$0.00	\$300.00	-\$300.00
Taxes - Federal & TN F&E	\$4,506.00	\$4,500.00	\$6.00
Taxes - R. E. (3 Vacant Lots)	\$0.00	\$280.00	-\$280.00
Utilities - Guard Shack & Street Lights	\$562.33	\$3,910.00	-\$3,347.67
Website	\$592.50	\$1,000.00	-\$407.50
Total Operating Expenses	\$39,389.70	\$240,770.00	-\$201,380.30
Operating Income / (Loss)	\$81,334.24	-\$1,850.00	\$83,184.24
Other Income and Expense			
BC - Rental Income - Bear Camp	\$8,028.00	\$30,000.00	-\$21,972.00
BC - Cable	-\$761.40	-\$3,040.00	\$2,278.60
BC - Credit Card Fees Expense	-\$70.92	-\$330.00	\$259.08
BC - Gross Receipts Tax Expense	-\$80.28	-\$300.00	\$219.72
BC - Hot Tub Fees Expense	-\$120.00	-\$750.00	\$630.00
BC - Insurance (P&C)	\$0.00	-\$2,600.00	\$2,600.00
BC - Management Fees Expense	-\$2,007.00	-\$7,502.00	\$5,495.00
BC - Monthly Fees	-\$117.00	-\$468.00	\$351.00
BC - Pest Control Expense	-\$90.00	-\$590.00	\$500.00
BC - Property Taxes	\$0.00	-\$970.00	\$970.00
BC - Repairs & Maintenance Expense	-\$514.40	-\$6,000.00	\$5,485.60
BC - Supplies	-\$77.73	-\$600.00	\$522.27
BC - Utilities	-\$835.03	-\$5,000.00	\$4,164.97
Total Other Income and Expense	\$3,354.24	\$1,850.00	\$1,504.24
Net Income / (Loss)	\$84,688.48	\$0.00	\$84,688.48

