

Overlook Bay Homeowners Association
Annual Owners Meeting Minutes
Oct 10, 2015
Minutes submitted to and approved by BOD

Phill Combs called the meeting to order about 10:15am.

The first order of business was to determine if we had a quorum. Mr. Bill Yri, the Secretary, asked two of the owners present to assist in the counting/verification process. Mrs. Barbara Wetherill and Mr. Jim Webster accepted and Phill asked those present to continue with discussions and coffee while the count took place.

Phill called the group back to order after the count was completed and Bill reported that we did have a quorum and asked if we could continue with the meeting and at the end of the meeting the three person count team would count the votes for officers and approval of revised Covenants & By-Laws.

Phill stated that with the quorum this would be an official meeting and asked the officers for their reports.

The Secretary, Bill Yri, read the minutes of the last telecom meeting conducted by the board on 1 Oct 2015. Those minutes were read and discussed. The last item concerned ongoing research to support generating a proposal to the board regarding building a Helipad on the front entrance lot where the mailbox cluster is located. This would be built to State of TN requirements and licensed by the state as an emergency landing area for helicopter medevac situations. A question was asked if Association funds were being spent on the proposal development. No Association funds have been used to date; it is being done with volunteer time and effort to gather the necessary information. It was requested that as the data is gathered we also investigate any impacts to our insurance which will be done. We will also be checking to see if any grant money might be available to support the installation. The minutes of this last board meeting have been approved and are being posted to the Overlook Bay web site and as with all the board minutes are always available for any of the owners to review.

Next, our Treasurer, Ken Taylor reviewed our Financial Report. Ken started out with the basics reminding folks that we have 3 types of asset accounts; a *money market account* to park the majority of the Associations money; a *bill pay account*, which is a checking account used to pay all bills (we pay nothing in cash, all bills are paid by check to be fully traceable); and an *escrow account*, used to park the escrow money on deposit by builders with current construction underway. We currently have two homes under construction, so this account has \$1,000 for these two projects. Ken reviewed that he uses two different accounting software packages to manage the finances and we have a CPA firm which uses this data for the annual financial reports for the association so that we are in full compliance with accepted accounting practices. Mrs. McCarthy stated that she feels an accrual basis accounting would be more transparent and for at least the third year in a row requested that we consider that. As we have explained each year we have reviewed that concept with our CPA. Our statements are done on a modified cash basis which combines elements of the two major accounting methods, the cash method and the

accrual method. The cash method recognizes income when it is earned and expenses when they are incurred. The modified cash basis method uses accruals for long-term balance sheet elements and the cash basis for short-term balance sheet elements. Our accountants say that most all POA and HOA use the modified cash method especially non-profit corporations who have straight forward income, bills that are always paid up, no loans and profits are basically bank interest on deposits. The modified cash report is also more understandable for the average property owner. Our software allows the generation of an accrual report and last year when this was requested by Blake Michaels, an accrual report was generated and the 33 page report was forwarded to him. As has been stated each year, we are in full compliance with the recommended accounting practice for our organization. We will again go the extra mile and provide additional budget information for Michelle McCarthy per her request. The numbers showed a total balance of \$249,092 in the three types of accounts, with \$1,000 in the escrow account as already stated, \$8,116.61 in the bill pay checking account and \$199,959.09 in the money market account. All bills are paid up through Oct 1, 2015 and total bills paid to date in 2015 are \$73,378.10 which included \$35,009.69 paid for the boat ramp upgrade/paving and the utility vehicle purchase for maintenance work. POA fees collected so far this year are \$76,797. We have 38 owners with outstanding balances over all the years of \$79,076.85. Of the 38 owners, only 27 are current owners. There was extensive discussion of the problem of collecting back fees from the now non-owners. Ken reported that, although we have liens on current owners, many of the now non-owners have bankruptcies and other issues which make it very difficult to collect from them. Some are tax sale defaults, some foreclosure defaults where banks do not pay back fees, and some people file bankruptcy. A Tax Sale property wipes out POA fees, Bankruptcy cases wipe out POA fees, and many title companies do not do a thorough job in seeking liens which would follow to the next owner. Our owners are spread across 22 states and our lawyers tell us that in many cases it would cost significantly more to attempt to collect than would be collected. As a non-profit corporation, it serves very little purpose in writing off these delinquencies that have little probability of collection and in some cases we have been able to make collections. However, the board has been discussing writing off those where we definitely know the cost would be significantly more than could be collected or where there is a very low probability of ever collecting to clean up the books. Blake Michaels alleged that Phill Combs and Ken Taylor had purchased some additional lots within the development that had been owned by some of these original owners without paying the delinquent fees on the lots, taking advantage of the situation to their gain. With the housing crash, many of the lots have been sold by the banks and the developer at greatly reduced prices creating an opportunity for those with a long view strategy to make a gamble that the market will improve over time. In both cases, Phill and Ken did a through due-diligence search to make sure that there were no liens on deeds before making the purchases. The properties with delinquent HOA dues had those back dues collected at closing and the monies forwarded to Overlook Bay. The properties were legally clear when they made the purchases. Blake Michaels stated that only 2 of the 5 common drives have the extra \$100 assessment for the owners adjacent to those drives and stated that owners on all the common drives should have the \$100 assessment to gather money from more owners that could be used for maintenance of the trails. It was explained that these other common drives were not included in the additional assessment by the developer because they are emergency access drives and do not have normal traffic, the upkeep of which would increase maintenance requirements. The board did agree to relook at that setup to see if it would make sense to tax these other owners for the benefit of the trail residents. In discussing the maintenance on the Tack Trail, the board

stated that we will be working to clean out the uphill side drainage ditches along the whole trail and then would be top dressing the entire trail with a layer of stone. Blake also requested that as we do that, we look at the drainage in front of his house and consider adding a culvert across the access ramp to the downhill side of the trail to feed water to the valley along the edge of his lot so that it does not cross the road and flow down the side of his driveway. The discussion regarding the finances was rather animated by a couple of the owners leading one of the other owners present to comment that she was upset with the fighting taking place by a few owners in the owners' meetings over last few years.

Our VP, Jack Koenig, addressed Maintenance and Equipment. In addition to our normal maintenance, we purchased a Gator utility vehicle which has been a great help to the maintenance folks in moving a spray tank and weed eaters around the development for work. Another great benefit has been the winch on the front of the Gator. When storms drop trees across the roads, it has greatly speeded up the opening of the roads because they are able to attach the winch to the trees and drag them to the side of the road and get everything open for traffic and then come back as time allows to cut them up so they can be removed from the edge of the road. Folks were encouraged to drive down to the marina drive and look at the new asphalt which was put down from the cul-de-sac to the concrete portion of the ramp and the turnaround at the picnic area was somewhat enlarged so that we no longer have to go down and work on what was the upper gravel portion of that ramp to rebuild it after every heavy rain. In terms of new actions, we are in the process of getting data needed to install a gate at the upper end of the marina ramp road. We have obtained pricing on the gate itself and are currently getting additional information for a card system to control the gate. As we run power to the gate controller, we will also install some additional security lights on the ramp down to the dock. We currently have just one light up at the main road. The gate will have battery back-up in case of power outage and will auto open for vehicles coming up the ramp.

General discussion from the meeting:

An owner noted that the walking trail gates were open and the trail had been cut. He requested that we keep the trail open and maintained. His lot is adjacent to that trail and is the reason he purchased that lot. The board will discuss options for doing that.

Several suggestions were made regarding the mailings:

- Consider electronic mailings and give people an option for e-mail responses
- Use regular size paper rather than legal to cut expense
- Do not include postage on the return envelopes to help reduce cost.

An owner commented that special assessments and large capital expenditures should be presented to the owners for vote. Any special assessment would definitely be sent to affected owners for vote and the board would review any capital expenditure to determine if it should be presented to the owners.

A number of comments were given with the ballots returned for the meeting which will be considered by the board:

- Received numerous request that when a new document is sent out for approval that a redlined document of some kind needs to be provided to show what was changed.
- A number of requests that a financial statement should go out with the ballot package.
- Could we consider a conference call option for owners to participate in the meeting
- Could we start the meeting a little later so that those within a 3 or 4 hour drive could drive down that morning.

After the discussion, the meeting was temporarily adjourned to allow the votes to be counted. The same three gathered to count the votes. The vote results were:

President:

- Combs – 38 votes
- Michaels – 15 votes

V President:

- Koenig – 38 votes
- Laneve – 15 votes

Secretary:

- Yri – 40 votes
- Write in votes: See footnote
- Rotterman – 11 votes
- T. Flynn – 2 votes

Treasurer:

- Taylor – 39 votes
- McCarthy – 15 votes

New Documents vote:

- Yes – 34 votes
- No – 36 votes

Footnote on vote: While the write in votes for Secretary were counted and announced, neither person was eligible for nomination since neither was current on their HOA dues at the deadline for nominations. Rather than get into another argument at the meeting, since their votes did not change the outcome for that office and was thus a moot point, I announced their count for information, but those votes had no standing. As the covenants state, any nominee must be current in their HOA fees. Blake Michaels had put together his suggested slate of nominees which included Mr Rotterman for the Secretarial position. Mr Rotterman was not put on the ballot because he was delinquent in dues but a number of folks wrote in his name for the position. It was no surprise that most all of his nominees are owners of the high occupancy rental houses in the development. He also included a fallacious listing of untrue concerns in an attempt to poison the well concerning the current Board of Directors. He has been disruptive ever since he was removed from the Board for malfeasance. He filed a lawsuit to have the Board members removed which was recently dismissed by the court as being without merit which required him to pay the court costs. His view seems to be if he can repeat untruths often enough that enough owners will start to believe enough of them such that he can take over the Board.

Phill called the group back to order and the voting counts were announced.

Phill formally adjourned the meeting around 1 pm.

Sincerely,

William Yri
Secretary, Overlook Homeowners Association