

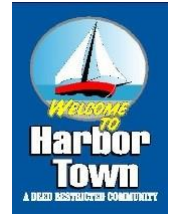
# **Harbor Town Property Owners Association (HTPOA)**

## **Annual Meeting Minutes**

Saturday, October 15, 2022

10:18 – 12:55 p.m.

Big Sandy Senior Center



**Purpose:** Address HTPOA concerns, summarize 2022 accomplishments, outline 2023 goals, review budget, approve 2021 minutes, approve email communications, and elect Directors.

### ***Minutes and voting results:***

1. Mark Pantke called the Annual Meeting to order at 10:18 a.m. The meeting had 65 paid lots physically present for voting out of 281 total paid lots (this includes 19 voting lots that paid at the meeting). In addition, the Board had proxies for 10 more paid lots bringing the total number of lots present at this meeting to 75 lots. This is 75/281 for 26.7% present. The quorum threshold for this meeting is 20% or 57 lots present so this meeting had a quorum. In addition, all of the Directors were present at the meeting: Penny Lummis, Dale Morgan, Debbie Morgan, Mark Pantke (President), John Dodd (Vice-President), Shawn Roberts (Treasurer), and Steve Parrish (Secretary).
2. Steve Parrish used a prepared easel sheet that listed concerns that have been raised about the HTPOA (see Attachment A). He tackled the first concern, HTPOA Insolvency, with a second prepared easel sheet (see Attachment B).
  - a. *HTPOA Insolvency* – Via research using the minutes from that time period, an HTPOA existed from 1982 into 1989. This was a developer run organization without any legal standing that disappeared when the developer ran into difficulties. The lot owners started a new HTPOA and their first decision was whether they should assume the financial obligations of the Clubhouse, pool, and acreage from the Bank of Camden. They decided that the large mortgage and high operating costs were too much for the owners to assume. The HTPOA legal incorporation and filing dates are shown in Attachment B.

In addition to this research, the HTPOA hired a Jackson lawyer that specializes in Tennessee POAs and HOAs to research the HTPOA. He is not influenced by local issues and relationships. He found the HTPOA is a valid non-profit corporation in good standing with the state of Tennessee that never suffered any financial difficulty. Additionally, he determined that the HTPOA has the power and authority to enforce the covenants of all four subdivisions.

- b. *HTPOA clubhouse, pool, and beach* - As stated above, the HTPOA never owned the Clubhouse and pool. The beach property was always owned by the developer or other private parties. It has been sold numerous times over the years including 1989, 1993, 1994, 1999, 2005, 2006, etc. Today it is owned by Justin and Marcy Raus.
- c. *Didn't know in POA* - Tennessee is a full disclosure state and Tennessee law states that it is the seller's obligation to disclose the existence of POA for a property to a potential buyer.
- d. *Nothing done with problems lots* – At this point the meeting shifted to the television with photos of covenant violations that have been pursued by the HTPOA. All of these violations have been raised to the Board by owners. The Board covered six closed violations including a trailer to be located in Unit #7, driveway trash in KLH, a shanty with no plumbing or sanitation in HTN, dumped mattresses and other debris in HTS, a

foundation being built without a review in HTS, and two abandoned mobile homes in HTN. All of these violations have been cared for. The second set of photos showed open violations that are still in progress. These included an abandoned mobile home in HTS, a non-conforming trailer in HTN, non-approved housing in Unit #7, and two instances of debris on lots in HTN. Some of these violations are being worked on by the owners so progress is being made. The point is that problem lots are being worked on by the Board and these are situated across all four subdivisions. *Note: KLH is Kentucky Lake Heights, Unit #7 is Kentucky Lake Heights Unit #7, HTN is Harbor Town North, and HTS is Harbor Town South.*

- e. *Don't want to be in POA* - There are two sides here as many people want a POA to help protect their property values.
- f. *Bylaws versus covenants* - There are four sets of covenants, one for each subdivision. They provide building restrictions, set-backs, architectural requirements, etc. for each subdivision. The bylaws are what govern the HTPOA. And the HTPOA is the vehicle used to help enforce the covenants. Without the HTPOA, each owner would have to try to enforce covenants on their own. A question was raised about how bylaws adopted in 1995 could be used by the HTPOA to enforce covenants developed in 1973. Since this was a legal question, it will be raised with the HTPOA lawyer by the Board. *[Legal Update: This is not an issue as it is common for By-laws to postdate the covenants.]* Another question raised was whether the covenants could be eliminated by a majority of owners in said subdivision. That is another question to be taken to the lawyer. *[Legal Update: Covenants may be updated or revoked if a majority of the subdivision owners agree in writing.]* Finally, a couple folks raised the issue of existing, non-conforming properties possibly preventing enforcement of new, similar violations. Another question for the lawyer. The Board will provide an update on these questions at a later date. *[Legal Update: TN courts seem to all require the property owner to prove a voluntary and intentional movement by the POA to waive/abandon the covenant. Our lawyer advises the POA to strictly enforce its covenants.]*
- g. *HTPOA has done nothing* - Hopefully the slides have shown that the HTPOA is working. In addition, the minutes from the past reveal that the HTPOA has done much to improve and better all the subdivisions.
- h. *Lakefront focus* - There probably was some focus on lakefront lots since many of the Board members over the years have been lakefront residents. However, as shown by the current violation work, that is not the current focus.
- i. *Hard to contact* - It has been difficult to contact the Board in many instances. However, the current Board is focused in improving communications with the membership and has put a working website in place. In addition, we now have a Facebook group to help with communication across the association. The website is *HarborTownTN.com* and the Facebook group is "*Harbor Town Property Owners Association*".
- j. *Votes for multiple lots* - Since the Association is a corporation, voting is one vote per lot so someone owning six lots gets six votes. Our lots are essentially our shares in this company. These lots are based on the original plats filed by the developer with the county. The only way that lots may be combined as far as dues is if the HTPOA approves such a change via a written document and no such documents exist.
- k. *Threatening Board* - The Board does not intend to be threatening and has apologized for one such instance that we know of.
- l. *How to dissolve POA* - It is possible to dissolve the POA but it is a formal process since the HTPOA is incorporated with the state of Tennessee. It involves a number of hurdles

that must be jumped before it can even be considered. It is not the matter of just taking a vote and could not even be considered at today's meeting.

- m. *Pick & Choose* – The Board does have to pick and choose since it has limited resources. Basically, much of our time is being spent on the items that we discussed here today and just covered – which have all been raised by lot owners.
3. Mark reviewed 2022 activities that the Board has been working on:
- a. Based on an objective from the 2021 Annual Meeting, Mark worked to get a legal review of the HTPOA from corporate, covenants enforceability, and financial standpoints. The HTPOA was found to be a valid Tennessee non-profit corporation in good standing with no insolvency issues. The POA was found to have the power and authority to enforce the covenants of all four subdivisions. There was much discussion about sharing the lawyer's letter with his conclusions since it was paid for by the owners. The attorney is concerned about the letter being posted on-line due to attorney-client privilege concerns, but the Board will pursue this topic and get back to the owners. The Board took two actions on this topic and Shawn summarized them as: 1) can we post and share the letter? and, 2) is it only shared with active members that technically paid for the work? *[Legal Update: Legal counsel considers the letter attorney-client privileged information between the Board and himself.]*
  - b. The listing of Harbor Town lots has been purified but remains a work in progress due to constant changes in lot ownership. It now stands at 730 lots.
  - c. Shawn has automated the HTPOA financial records into a software package that provides tracking and database functions.
  - d. John has the website up and running and it may be found at *HarborTownBC.com*. It has all the bylaws and covenants available. It also provides an easy way to contact POA officers directly. The Facebook group is a private group and may be found by searching for “*Harbor Town Property Owners Association*” in Facebook.
  - e. The architectural review process has been formalized with a review form that includes building stats and multiple signatures by both the HTPOA and the property owners. A copy will be retained in the HTPOA files and a copy will be given to the lot owner for their records. The Architectural Committee includes Mark and Dale (who explained his extensive construction experience) from the Board and two volunteers, Ed Meador and Terry Keith. Mark stated that we have five architectural reviews approved, two reviews pending, and a few in the early stages. Mark stated that buildings built before the new board was elected in October 2, 2021, are grandfathered. *[Legal Update: The POA may grant a variance to these property owners individually. The variance must spell out in writing why the variance is being granted. The POA and property owner must sign it.]*
4. Shawn stressed that he has goals of transparency and discipline for the financial side of the Association. He began by searching for a software package that will help achieve those goals as well as assist with invoicing and records keeping. He put that software in place and the financial report presented at the meeting was produced by the new system. The full report will also be posted on the website and in the Facebook group. In summary, Shawn presented the following:

<b>Income</b>	\$	8,387	Dues & bank interest
<b>Expenses</b>	\$	400	Annual meeting
	\$	500	Postage
	\$	800	Website
	\$	1,600	Insurance
	\$	2,200	Legal fees

	\$ 200	Office supplies
	\$ 160	Financial software
	\$ 50	Regulatory filings
<b>Bank</b>	\$ 8,672	Checking
	\$ 5,317	6-month CD
	\$ 5,192	12-month CD
<b>Total</b>	\$ 19,181	Total assets

The fiscal year runs from October 1<sup>st</sup> through September 30<sup>th</sup>. Someone asked about the HTPOA benefits and Shawn outlined three main benefits to the HTPOA:

- a. The biggest benefit is that the Property Owner's Association (POA) defends the covenants to uphold property values. Without the POA, it is up to the homeowner to individually sue violators to ensure covenant compliance.
- b. The HTPOA provides a strong, 700+ property member lobby when lobbying government agencies. This is the largest subdivision organization in Benton County.
- c. The HTPOA may consider and implement capital improvements such as proper entrance, better lighting, etc. as funds allow.

Marty Caruthers asked how many owners there are since some owners own multiple lots. The Board did not have this number at their fingertips at the meeting but there are 730 lots with 452 unique owners.

Cathy Clemence made a motion to accept the Treasurer's Report and it was seconded by Kyle Smith. The Treasurer's Report passed with the following vote: 52 Approve, 0 Oppose and 13 Abstain.

5. John stated that the website is up and running. It includes the ability to contact the board, pay your dues, and provides many items such as the bylaws and covenants. The web site financial costs are for website hosting and not John's efforts. Shawn stated that we can post owner's pictures of Harbor Town as desired.
6. Mark outlined some 2023 goals:
  - a. Keep the Association transparent. Keep the information flow both to and from the Board.
  - b. Would like to set up an Angie's List type that would provide contractors and services that have good references in Harbor Town. This would include items as garage door service, heating & cooling contractors, etc.
  - c. Investigate establishing a neighborhood watch program. It was suggested that the Neighborhood website be investigated as helping in this area.
  - d. Missy Roberts suggested that speed limit signs be pursued by the Board as there seems to excessive speeds on our neighborhood streets. Another suggestion was made for "Children Playing" signs. The Board will take this as an action item as this is clearly something that they should spearhead.
  - e. Someone also raised the issue of hunting occurring too close to homes. The Board will also look into this topic as well.
7. The last item on the agenda was voting on three items:
  - a. The minutes from the 2021 Annual Meeting. Steve quickly reviewed the minutes and mentioned that the Board was looking for members from the other subdivisions as HTN and HTS is not currently represented on the Board. Cathy Clemence made a motion to accept the minutes which was seconded by Debbie Morgan. The minutes were passed with the following vote: 53 Approve, 0 Oppose and 25 Abstain.

- b. The second item was making a change to the HTPOA bylaws to allow email to be used for official association business such as emailing dues notices, meeting announcements, etc. Specifically,

In the Bylaws, Article III, Section 3, now reads: "...shall be delivered either personally, or by mail to each voting member..."

The Proposed addition: "...shall be delivered either personally, via email, or by mail to each voting member..."

After some discussion and clarifications, Penny Lummis made a motion to make this change to the bylaws and Debbie Morgan seconded it. The change was passed with the following vote: 53 Approve, 12 Oppose and 0 Abstain.

- c. The HTPOA has three of nine Directors that come up for election at each Annual Meeting. Kyle asked about the Director duties and Steve explained that four of the Directors are elected as Officers, the Directors meet at least four times a year although they met more than that in 2021, they help work issues and provide insight and guidance, and while they may take action items from the Director meetings, the Officers always have action items. Steve introduced the current Directors. Their terms are three years. Shawn reviewed the fact that the HTPOA has insurance to protect the Directors. There were a number of volunteers for the three positions. Penny Lummis volunteered to not seek reelection due to the quantity of new folks volunteering and her desire to see new faces on the Board. The final slate of candidate Directors was:

- A Mary Young from HTN
- B Justin Raus from KLH
- C Art Wilson from KLH
- D Ed Meador from U#7
- E Kyle Smith from HTS
- F Patricia Allen from KLH
- G George Deaton from KLH

The volunteers all assembled at the front of the room together and each made a short statement about themselves and why they wanted to be on the Board of Directors. Voting then proceeded using printed, official ballots with one ballot provided for each paid lot. The completed ballots were placed in a secret ballot box and then counted by Maryann Parrish and Mary Pantke.

A few folks made comments while the room waited for the ballots to be tabulated and Mark quieted the room down so they could speak:

Jerry Johnson stated that he and his wife bought property in HTS in 2017 and he has been to every Annual Meeting since then. He thinks that it is awfully hard to do much with dues of only \$25 per year. He wanted to say to the current Directors and Officers, "thank you, thank you, thank you!" He also thanked the previous Directors and Officers for getting the organization moving in the right direction. He stated that Harbor Town properties need to be kept up and free of junk so that property values can increase. He again thanked the Board for their efforts to a round of applause.

Marty Caruthers stated that he has lived on his property for 27 years. He is opposed to the whole idea of putting restrictions on property owners. He said that he appreciates the work the Board is doing but he does not agree with how the POA operates.

Kyle Smith stated that owners are at the meeting because they want to keep their property values up. But there are a lot of vacant lots and Kyle thinks that the Board needs to also focus on new growth in Harbor Town as there are a lot of people moving in and that brings challenges and opportunities.

Maryann and Mary completed the vote counting with the following results:

A	Mary Young	36 votes
B	Justin Raus	38 votes
C	Art Wilson	17 votes
D	Ed Meador	19 votes
E	Kyle Smith	42 votes
F	Patricia Allen	25 votes
G	George Deaton	23 votes

Mary Young, Justin Raus, and Kyle Smith were elected as HTPOA Directors. Congratulations and welcome!

Steve asked that everyone use their ballot cards to provide their email address and drop it in the ballot box on the way out.

8. Mark moved to adjourn the meeting at 12:55 p.m. and the motion was seconded by Debbie Morgan. It was unanimously approved.

Minutes respectively submitted by Steve Parrish, Secretary.



**HTPOA Concerns**

- HTPOA Insolvency
- HTPOA clubhouse, pool, and beach
- Didn't know in POA
- Nothing done w/problem lots
- Don't want to be in POA
- Bylaws vs covenants
- No quorum at Annual Meeting
- HTPOA done nothing
- Lakefront focus
- Hard to contact
- Votes for multiple lots
- Threatening Board
- How to dissolve POA
- Pick & Choose

