

## **Lowe's Ferry Property Owners Association Annual Meeting**

**Location:** Knoxville Airport Hilton,

**Date/Time:** March 12, 2016 9 am to 10:45 am

**Board Attendees:** Julian Smiley, President

Steve Jennings, Treasurer

Patricia Mayhugh, Secretary

Steve Dekanich & Al Stephens, Members at Large

### **Welcome / Intro of Board (Julian)**

Meeting was brought to order.

Announcement was made that representation did not meet quorum requirements, that the meeting would proceed according to the agenda distributed, with the exception there would be no voting on the Proposed Amendments or election of Board Members.

### **Summary of 2015 (Julian)**

**Gates:** Front & back gates were repaired & are in full operating order.

**Pool:** Algae condition remedied; changed pool maintenance contractors; modified filtering system to salt water; added new chairs & umbrellas

**Street lights:** Repaired

**Marina:** Lights placed on a timer; has significantly reduced amount of bugs

**Paving:** City of Louisville paved Louisville Road to the Boulevard

### **2015 Financial Statement (Steve)**

2015 Annual Report was distributed to all Owners on Jan 26, 2015.

Additional copies were available at the POA meeting.

Highlights:

Income Statement shows an Operating Deficit \$15K

\$25K difference in budget to actual

Primary difference in cost are result of:

- changes in grounds maintenance contract & longer growing season
- capital improvements in the gates & fences

End of year cash balance \$35,889

### **2015 Marina Financial Statement (Steve)**

Marina belongs to 24 dock owners who pay separate annual dues for their slip.

Funds are retained in separate account.

Reserves continue to be built for future major maintenance.

Marina Committee meets periodically to discuss activities/maintenance needs.

End of year Surplus \$9936.12

### **2016 Budget (Steve)**

POA 2015 end of year cash balance was only \$35K.

These funds are totally inadequate for long term management of Lowes Ferry.

In 2015 the largest expense is mowing unimproved lots and common property.

Cost increased from \$65K to \$77K for the reasons already discussed.

Original developer used mowing of unimproved lots as marketing tool; No other POA/HOA is set up in this manner.

*POA should have cash reserves equivalent to 1 to 2 years of total budget (\$155 – 310K)*

The Board will need to make decision in near future regarding structural changes in order to be able to build reserves.

Last time POA Dues were increased was 2 years ago.

Dues will currently remain at \$1000/per annum.

First Half Dues have been collected from all Owners except 1.

2016 Budget that was mailed in January is what Board is working toward.

As of 1Q16, we are on target.

Marina dues will remain the same (\$600 per annum) as agreed by majority of slip owners.

### **Future capital expenditure – Roads (Julian)**

As a gated community, LF POA is responsible for maintaining roads inside the gates.

Will need to pave in the future, especially as LF sees an increase in construction of homes.

Town of Louisville just paved Lowes Ferry Road to the Boulevard.

Cost for 3.5 miles, paving, stripping & pug = \$326K

Lowes Ferry POA has 4.5 miles of private roads.

Pride Road is NOT part of the POA responsibility. Pride Road belongs to the Town of Louisville.

The Board secured a non-binding quote from Patty Asphalt, Lenoir City, TN.

Patty owns their own asphalt plant.

Inspector reports LF roads look good and does not have cracks yet.

If there is preventative maintenance to be done, Patty Asphalt can come & seal.

Would not have to scrap road prior to putting down 2 inches asphalt.

Current cost estimate - \$266K

Forecast 10-15% per annum increase in cost over time, subject to oil prices.

Cost translates to: \$2K/lot today; \$2570/lot in 3 years; \$3K/lot in 4 years.

Owners need to consider whether the POA should establish a road fund vs a one time special assessment.

To set up restricted fund will require a vote of the membership.

Based on some discussions, the biggest push back for a restricted fund is by owners who are trying to sell their lots.

As construction picks up, LF will have to deal with this issue.

If we wait until roads fall apart, Board has authority to issue a special assessment without a vote of the membership.

During course of this year, the Board will come back to Owners with a proposal.

Blane Chrisman provided an update on the current construction market conditions:

- In 2014, there were 8000 buildable lots left. Hardin Valley has 400 lots.
- Starting to see spec builders looking for lots & expect a flurry of construction activity.
- Development costs have increased from \$11K 5 yrs ago to \$55K today.

Having historical knowledge of the road construction at Lowe Ferry, Blane also provided the following input:

- LF roads have a 4 in compacted limestone base
- Roads are not DOT certified
- Believes roads will require repaving in 3 years, subject to construction rate
- Mobilize at 1 time, not phased

- Supports setting up a restricted fund.

### **Marina Update & Available Slips (Julian)**

Total 24 slips; 2 for sale

If interested in slips for sale – contact Blane Chrisman & Mark Krieg

Marina Owners continue to battle with geese & birds.

Cannot withstand pressure washing 2 times/month.

Trying to avoid replacing boards, which can be costly.

The ultrasonic goose detector installed on Slip 21 is working well.

A question from the floor was asked – could additional detectors could be installed.

There is an issue, some people are sensitive to sounds in the ultrasonic range.

Before considering additional detectors, need to find the setting down from 3600 foot range that will address the sound sensitivity issue and still deter geese.

Monofilament line has been added to keep birds from landing on the deck.

No change in annual fees for 2016 based on current reserves.

### **Cactus Cove / Fort Loudon Cove Dock Update (Steve Dekanich)**

Slips on Cactus Cove & Ft Loudon Cove are privately owned, not common property.

Kevin Proffitt & Kristen Sheets were acknowledged for their work to coordinate dock repairs with other Owners.

Repairs needed at Cactus Cove includes replacement of framing \$700 and re-anchoring of Ft. Loudon gangway \$1500.

Repairs are being paid by the Owners of these slips, and not from LF POA funds.

Work expected to begin within the week of March 9.

### **Summary of # Homes / Under Construction / Lots (AI)**

LF community is made up of 137 Lots

Currently 33 homes, 2 under construction, 1 suspended construction + 101 lots

Considerable turnover activity during the past 12 months: 11 lots + 3 homes

The turnover is encouraging for the growth of Lowes Ferry. Several lots were owned by speculators, and new Owners are preparing for construction.

New Owners in attendance were acknowledged and welcomed.

Map of Lowes Ferry current build out condition was on display at the meeting.

Owners were reminded it is their obligation & that of their builder to keep the roads clean during construction; Gravel grinds road surface away.

### **Gates & Clubhouse (AI Stephens)**

Developer used minimal equipment / residential openers for the front gate.

Original equipment was incorrectly installed and has been replaced with commercial grade opening mechanisms and controller.

The Door King operating system for the gates is excellent.

Residents can obtain a remote control for the gate for \$25.

Mechanism on clubhouse is a Linear system.

Dean Fulmer, Fulmer Custom Gate, has provided the software & AI programs the FOBs.

When an Owner sells, their FOB is deactivated, and should be passed along to the new Owner for reprogramming.

If FOBs are not received at closing, new Owners are entitled to 2 FOBs at no cost.

For any problems with FOBs, contact Al.  
Gates at marina & pool have coded locks.  
Al is investigating the possibility of converting the pool lock to an FOB lock.

### **New Protocols and Penalty Schedule (Patricia)**

Lowes Ferry Declaration of Easements, Reservations, Covenants, Conditions and Restrictions and Architectural Design Guidelines provide certain guidelines applicable to all Owners.

It's the Board's fiduciary responsibility to enforce these regulations.

Unfortunately there are some recurring violations, and as a result, the Board has adopted a penalty schedule to address these issues.

Details of the penalty schedules were distributed to all Owners on Jan 14 & Mar 3. They include:

- Late payment of POA Dues will be charged interest at a rate of 5% PA.
- Improper outside storage of garbage containers will be charged \$10/day.
- Owners will be allowed to park recreational/utility trailers in the driveway/on the lot for no more than 6 days per 6 month period. Penalties of \$15/day will be assessed for every day exceeding the 6 day allowance.
- Owners must provide a landscape plan for approval at time of construction, and implementation must be completed within twelve months of occupancy. Failure to complete landscaping within the allowed period is subject to a penalty of \$15/day.
- In the event construction exceeds twelve months or an otherwise agreed extended timeline, a penalty of \$25/day will apply until the Certificate of Occupancy is issued.

### **Lot 146 (Steve Jennings)**

Construction activity at this site has essentially stopped.

Owner has failed to communicate any action plan to the Board.

To do nothing and let the property sit in its current condition is not an option.

LF POA is therefore proceeding with legal action to force the cleaning / completion of the site, including pursuing the proper legal pathway to recover legal fees, initiate foreclosure & take over property.

Based on the information available, there is no mortgage.

If the POA takes over the property, the POA will have to pay for the remediation, and recover the costs in the sale of the Lot.

Board has received a clean-up cost estimate of approximately \$10K.

Question from the floor: Can the POA place caution/warning tape around the job site, alerting people of the hazard/danger?

Response: The lot is private property, and the liability issue is that of the Owner.

Currently the POA does not have the ability to do so. The Board will validate this with Legal Counsel and investigate whether the Town of Louisville has the authority to enforce.

### **Ways to get Owners involved / Community Involvement (Steve Dekanich)**

- Plans are underway to create a Lowes Ferry Website where copies of LF Legal Documents will be available to Owners.
- Debbie & Gary Chesney have created an email list for those interested in LF community activities, and sharing of family news. For those new Owners interested, contact the Chesney's to be added to the distribution.

- Assisting with preventive maintenance activities such as removal of vinyl fence or helping to paint the new standard ranch fencing.
- Owners who assisted with the removal of the vinyl fence were acknowledged and thanked.
- Notify the Board of any individuals using the pool / clubhouse who are not Owners
- Consider developing a LF Garden club & plant flowers in cul-de-sacs (consult with the Board for prior approval)

### **Q&A (Julian Smiley)**

Questions from the floor focused on the proposed amendments to the By Laws that could not be voted on.

- Why were there proposed amendments?
- What is the Term of Board Members?
- How can the POA insure that no one individual controls the Board activities for extended period.

Response:

Lowe's Ferry By Laws state Board Members are elected annually for a period of one (1) year, and the POA determines the roles (President, Treasurer, & Secretary) of the nominated individuals.

Historically few Owners were willing to participate on Board, so the prior Board initiated three (3) year terms, and based on the strengths of the individuals elected to the Board, determined within the 5 members, who assumed which role.

The recommendation to amend the By-Laws is a result of the current Board, 3 of whom were elected last year were elected for a 3 year term, discovered the term limit in the By Laws, and that the By Laws had not been amended. Any amendment to the By-Laws requires a vote by the POA.

By creating a 3 year rolling term, there is a historical continuity from year to year for a portion of the Board, but the opportunity for new members to participate.

Regarding Board members vs the POA determining the Officer roles, the Board believes it is better for its membership to define the roles based on each individual 's strengths, skills and expertise.

Owners were encouraged to contact the Board if they have any questions.

The meeting was adjourned at 10:45 am.

Respectfully Submitted,  
 Patricia Mayhugh  
 Secretary, Board of Directors  
 Lowe's Ferry Property Owners Association