

HIGHLAND COVE CONDOMINIUMS ANNUAL MEETING MINUTES

February 5, 2011

The annual meeting of the Highland Cove Condominium Homeowners' Association meeting was held at City Hall, 104 E. Main St., Smithville, TN. 37166, on February 5, 2011.

Present, being the Board of Directors and management, were the following:

Jon Moffett – President – Board of Directors
Jeff Ebel – Secretary – Board of Directors
Gina Allison-Butler - Butler & Associates – Property Administrator

The meeting was brought to order at 10:00 a.m. by Jon Moffett. It was determined that, based on the presence of 18 homeowners representing 21 units and 14 proxies (a total of 35 units represented either in person or via proxy), a quorum of more than 10% was present, so an announcement of a present quorum was made. Jon stated the meeting would run from 10am to 11am.

Introductions, from each owner present, were made. Present were the following.

Jim Schnuck – I-5	Jon & Sharon Moffett – G-2	Neil Hemphill – J-5&H-5	Mike Hamilton B-5
Rob Bourne – E-3	Jeff & Teresa Rhodes – D-3	Dillard Baker – D-2	Ed Hanner – B-3
Joe & April Ruberto – C-2	Ron & Kelly Lee – I-2	Craig & Leslie Davis- F-1	Don Spicer – G-3
Brenda Stewart – B-1 & B-2	Phil & Janet Williams- A-2	Jeff Ebel – J-1 & K-2	Hayes Fowler – J-3
Stan Hayes – I-3	John Phillips – I-3	Ben & Barbara Shields – K-3	

Jon stated that Greg Holton could not be present due to an unexpected emergency at work.

Gina stated that Bill Bailey has pneumonia and couldn't attend.

Jeff stated the purpose of the meeting was to re-elect the Secretary position, review financials, and address any old or new business, pursuant to the Bylaws set forth for Highland Cove Condominiums.

SECRETARY POSITION

Jon Moffett stated that the first item on the agenda was to elect the Secretary position.

Jeff Ebel is willing to remain on the ballot.

Craig Davis stated that he would like to see more members added to the Board.

Jeff Ebel stated that the addition may be necessary in the future. John Phillips was recently asked to serve on the Preventative Maintenance committee, so other owners will be involved in various committees. Meetings are a challenge at times with each of the current Board residing in different counties. The board meets every month and adding more members for such a small group would be even more challenging.

Ron Lee asked what does percentage is required to amend the Bylaws.

Gina stated pursuant to the Bylaws, it would require 2/3 present and 2/3 approval.

This discussion was dismissed and secretary nominations resumed.

Jon Moffett asked if there were any nominations from the floor. With no further nominations, all were in favor of reelecting Jeff Ebel.

Motion passed.

FINANCIALS

The anticipated income for 2010 was \$154,680, and the actual income from monthly dues totaled \$171,970.00. With the special assessment and developer reimbursement, the income totaled \$222,098.81.

The anticipated expenses for 2010 totaled \$195,930.00, and the actual expenses totaled \$192,655.58. This year we installed the key card system, replaced the spa heater, cut the hill and replaced the spa cover and managed to stay well under budget. Jeff Ebel reviewed the 2011 budget. The total income is anticipated to be \$180,600, and the total expenses are anticipated to total \$199,400.00

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Mr. Schnuck stated that he was concerned that out expenses totaled more than our income.

Jeff Ebel stated that the Board doesn't necessarily want to raise dues and was trying every way to prevent an increase.

Mr. Schnuck asked how long the association can operate in a deficit.

Gina stated 1 year.

Jeff explained that the association would be operating off of the surplus created from the 2010 assessment.

Mr. Schnuck stated that this isn't a safe way to run. He would rather see the dues increase to meet the deficit.

Gina stated that Bill Bailey had stated in his notes, that to balance the income an increase of \$30 per month per unit would be necessary next year. \$35 per unit per month would allow a contribution to the Capital Reserve Fund.

Rob Bourne stated that he would like to see the Preventative Maintenance plan before contributing.

Jeff Ebel stated with so little money to work with, it would be necessary to do an assessment for any major repairs at this point. The Board is working on the Preventative Maintenance plan with John Phillips.

Rob stated that he was under the impression that this would be completed in 2010.

Jeff Ebel explained that a committee has been formed. There isn't anything pressing at this point, but steps are being made to get the projection. The asphalt will need to be resealed next year. We do have a bid for that job. The roofs will need to be bid and painting.

Ben Shields asked if there was any progress being made with Tennessee Wastewater and the regulatory authority.

Jon said not at this time. He and Jeff had spent much of their time trying to get the cost of the sewer reduced. Highland Cove spent more than \$80,000 in utilities in 2010, with \$29,000 of that being paid to Tennessee Wastewater.

Mr. Hamilton stated that he didn't understand what was going on with Tennessee Wastewater.

Gina explained that the system that was installed at Highland Cove was a step system, which operates like a sewer system. The system is serviced by Tennessee Wastewater (who installed the system). Tennessee Wastewater is considered a utility company and is regulated by the TN Regulatory Authority.

Last year, TN Wastewater asked for an increase, which seemed ridiculous, as they do very little to service the unit. With many hearings regarding the increase, HC Board of Directors attended the meetings to dispute the increase, since the condos are primarily second homes for most and isn't utilized like other customers may. TN Wastewater was granted the increase. Jon Moffett is still trying to put pressure on them, and he has accomplished getting them to at least service the unit. John stated that he is still fighting the increase.

Rob Bourne asked if there is an increase in lawn care for this year.

Jon Moffett stated that the job was rebid as he had requested. The lowest bid that we received was \$18,000 from Butler Lawn, the next lowest was \$24,000 from ATL, and the highest from Alcare at \$26,301.00.

Rob stated that he thought it was a conflict for Dennis to do maintenance and lawn care, as Dennis should be using his hours for maintenance.

Gina stated that Butler & Associates isn't in the lawn care business, but we do it as a service for HC to save money, as the previous Board had asked us to do so. We provide the equipment, insurance, gas and supplies, employee, etc. and Dennis uses some of his HC hours for lawn care as needed, in order to provide the savings. Gina stated with the increase in fuel pricing and the cost of equipment repair and replacement, it was necessary for the cost to increase. The association is welcome to use whoever they choose.

Jon Moffett stated that it would be crazy to increase the budget allotment for lawn care, when HC is receiving the savings. The lawn care hasn't been an issue, nor are Dennis's maintenance duties being compromised.

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Jeff Ebel stated that the Board has decided to continue with the management, maintenance and lawn care. The Board feels that everything is going well. Gina and Dennis are doing a great job. If anyone has an issue with maintenance that needs to be addressed, the protocol is to email Gina and it will be addressed. Dennis always takes care of whatever he needs to.

Mr. Davis asked if Dennis was a regular 1099 employee.

Gina stated yes.

Jeff stated the Board didn't want to raise the dues this year, as they wanted to look at the financials once we had a full year of contributions and expenses after A & B units were sold.

Mr. Schnuck stated that it didn't appear that anything could be cut out of the budget, so an increase would be necessary, and it isn't wise to use the reserve fund.

Gina stated that the floor is welcome to make motions on the issue.

Mr. Schnuck made a motion to raise dues by \$35.00 to cover the deficit. 4 owners were in favor. This motion did not pass.

Joe Ruberto stated that he would rather see a special assessment instead of the dues increasing, as it would be beneficial to the owners to keep the monthly dues as low as possible.

Joe Ruberto made a motion that a special assessment be imposed instead of raising dues. 12 owners were in favor. The motion passed. The special assessment amount will be \$420.00 per owner, per unit.

Mr. Davis asked when the amount would be due.

Jon Moffett stated that the Board will discuss.

Mr. Rhodes stated that the amount should be less for the 2 bedroom units, as their dues are based off of square footage.

Gina explained that if the monthly dues increase it would be based on percentage. The percentage shortfall would be divided equally and assessed to each owner. The monthly amount would increase accordingly to the base that they are currently paying.

Jeff Ebel stated that since the association agreed to impose a special assessment, the amount would be split evenly amongst all owners, in accordance to the Bylaws. Jeff stated that some owners could have the same argument regarding the elevators, as they don't use them, but have to pay for them.

Joe Ruberto added that he doesn't use the elevators, but they are an amenity that adds value to the project.

It was resolved that the special assessment would be the same for all owners.

OTHER BUSINESS.

Jon Moffett stated that he is still working on reopening the path to the marina. For those that may not be aware, there is a path to Cove Hollow Marina that is accessible from Cove Hollow Dock. The path was blocked by the Corp of Engineers. Until Tim Dunn is no longer over our area, he can't do anything on this issue. Jon will revisit once he is out of office.

Jeff Ebel stated that this has been a big issue for a few years.

John stated that there are some walls that are cracking and will be repaired this year also.

If any owner has any maintenance items that they would like to see done, please email Gina and the Board. Not any one person can see everything. The Board will be happy to meet with any owner and visit the areas that need to be addressed. Barbara Shields stated that maybe the owners do this in the Spring. John Moffett stated that he didn't have a problem doing this. Any owner that wants to meet please let the Board know.

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John Phillips stated that some of the buildings will need to be pressure washed. In the Winter months, mold is worse than in Summer.

Jon stated that pressure washing starts in April. There is no outside water during the Winter, after the irrigation is winterized.

Mr. Davis asked if Butler & Associates would be sending a 1099 to Dennis this year.

Gina stated that beginning this year Butler & Associates would be the flow through for Highland Cove's contract labor, since Dennis isn't a full time employee. Butler & Associates will be paying for the payroll taxes for that position. The rate for maintenance did not change. The lawn care will be handled the same way.

Dillard Baker stated that Dennis gets picked on at the meetings, however, Dennis does a good job. Dillard noted that if he has a problem, Dennis is quick to help. He is glad he is there.

Jon Moffett stated that he hears that the homeowners are very satisfied with Dennis. Jeff Ebel concurred.

Your suggestions, recommendations, and comments are always welcome. Please email Gina and copy the Board.

Gina – gina@butlermgmt.com

Jon Moffett – jamoffet@bellsouthnet.com

Jeff Ebel – jeff@clintpharmaceuticals.com

Bill Bailey - rwbailey421@gmail.com

Greg Holton – No email. Gina will fax to Greg.

With no further business the meeting adjourned at 11:20 am.

NOTICE:

- **The Board agrees that if you plan on paying the Special Assessment in full, please do so by June 1st. If you prefer to pay in installments, please add \$42.00 per month to your monthly dues for the remaining 10 months of the year.**
1. **Ron Baird passed away last weekend. For those of you that had the pleasure of meeting Ron know that he was a very kind man and will be dearly missed. Ron and Cheryl are the owners of units F2 & G5.**

BAIRD, Ron, - former head of CAA's Nashville office and agent to many of country music's leading artists, died in Nashville on February 3, 2011, of complications from Parkinson's disease. He had just celebrated his 60th birthday. Ron is survived by his wife Cheryl, their sons John (wife Jenny) and Marc (wife Kennon); and four grandchildren, James, Kate, Finley and Cooper. He is also survived by his brother, Rick (wife Louann) and brother, George (wife Connie) and 4 nieces. Ron formed his first band when he was in the second grade, marking the beginning of his lifelong career in music. Ron worked for the Jim Halsey Agency where he booked artists including Roy Clark, Donna Fargo, Merle Haggard, George Jones, The Judds, Brenda Lee, Ronnie Milsap, Rick Nelson, Oak Ridge Boys, Mel Tillis, Conway Twitty, Don Williams, Tammy Wynette and Dottie West, among others. The Jim Halsey Agency was purchased by The William Morris Agency where Ron worked until opening the Nashville office for CAA in 1991. The one-man operation started in Ron's house and grew into the 55-person team it is today. In his 13 years as a CAA agent, Ron oversaw the careers of Clint Black, Billy Dean, Jennifer Hanson, Alan Jackson, Toby Keith, Barbara Mandrell, Martina McBride, Reba McEntire, Joe Nichols, Olivia Newton John, Little Texas, Jamie O'Neal, Julie Roberts and Shania Twain, among many others. Ron served as Chairman of the Board for the Country Music Association in 2003 and was President of the Country Music Association in 2002. He was also an associate board member of W.O. Smith and an alumnus of Leadership Music. Voted Country Agent of the Year for three years (1996 - 1998) by Performance Magazine, he was named Third Coast Agent of the Year in 1999 by Pollstar. Ron retired in 2004. Ron was an extraordinary man whose dedication to his family and passion for his clients and colleagues alike have long inspired those who knew him. He had a great love for his sons, Marc and John, his wife, Cheryl, his home state of Montana, and his music. Ron had a heart of gold and a generous spirit, and it is those qualities that will be the legacy of this wonderful soul. It was an honor to know him and have him in our lives. Ron was born and raised in Bigfork, Montana and maintained close ties to his home state throughout his life. In college he participated in the junior year abroad program in Heidelberg, Germany and was a graduate of The University of Montana in Missoula. He was also an Eagle Scout, and an avid skier and outdoorsman, often taking backpacking trips in Glacier National Park. Please join Ron's family for a celebration of his life on Wednesday, February 9, 2011, from 5 - 7 p.m. at Hillwood Country Club (6201 Hickory Valley Road, Nashville, TN). Contributions may be made to Vanderbilt Parkinson's Research Fund, (www.giving.vanderbilt.edu) the Lewy Body Dementia Association (www.lbda.org); The Salvation Army (www.Salarmy-Nashville.org); or the Glacier National Park Fund (www.glacernationalparkfund.org). MARSHALL-DONNELLY-COMBS, 327-1111

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HIGHLAND COVE CONDOMINIUMS HOA
2011 Budget

		Projected
Acct. balance as of 12-30-10		\$ 43,449.15
Projected income for 2011	(\$5513.00 prepays)	\$ 175,087.00
Total		\$ 218,536.15
Reserve Deduction from 2010		\$ 13,384.00
Total		\$ 205,152.15
Plus Special Assessment		\$ 27,300.00
Total		\$ 232,452.15
Service		Estimated Yearly Costs
Legal Fees / Annual Report/Annual Meeting		\$ 200.00
Elevator Inspection Permits		\$ 1,665.00
Elevator Service Contract/repair		\$ 14,500.00
Entrance Maintenance (Pump, gate etc)/Grill		\$ 150.00
Ground Supplies		\$ 1,875.00
Irrigation		\$ 1,000.00
Pool Permits		\$ 680.00
Pool Repair & Supplies		\$ 1,500.00
Property Insurance		\$ 23,530.00
Lawn & Landscaping		\$ 18,000.00
Grounds upkeep		\$ 2,000.00
Maintenance		\$ 33,000.00
Office Supplies (checks, postage)		\$ 500.00
Management		\$ 13,200.00
Utilities		\$ 80,100.00
Emergency Fund		\$ 7,500.00
Total:		\$ 199,400.00