

SUGARWOOD HOMEOWNERS ASSOCIATION
Minutes of the January 13, 2007 General Membership Meeting

The meeting was called to order by President David Freeman at 10:00 a.m. The meeting was held at St. Elizabeth's Tharp Hall on Sugarwood Drive. President Freeman introduced all board members in attendance: Ed Whiting, Graham Sexton, Mary Phillips, Bob Bailey and Randal Roberts. President Freeman then introduced members of the Planning Committee who were present, Graham Sexton, Sue Conway, Ron Williams, Kami Darakshani, Roger Smith. President Freeman introduced one guest: John Gitto, swim team coach. There were approximately 83 members present at the meeting.

The minutes of the 2006 General Meeting were reviewed and approved. Motion to approve by Kami Darakshani and seconded by Sue Conway.

OLD BUSINESS:

Reports

President Freeman reported on subdivision issues: Contract with Horizon Lawn Service. Horizon Lawn Service came in with the lowest bid at \$3,000 less than the next closest bidder. Contract includes mowing common areas, two plantings, trimming. President Freeman reports that the Board was very satisfied with their performance.

Lusby Electric has kept the street lights maintained for a reasonable price.

Former Board member Kay Pasquale improved communications with newsletter and web site improvements. Kay also set up the associate program which resulted in record number of associate members and generated over \$2100 in revenue.

Mr. Whiting negotiated a 3-year contract with Waste Connections to reduce the rate of trash pick up by \$10.00 per month which requires 90% of neighborhood participation.

The Weigels issue was dealt with before the Board of Mayor and Alderman in the summer which resulted in the elimination of left turns into and out of the Weigel's entrance directly across from Sugarwood entrance. The Board recognizes that two aldermen live in Sugarwood: Dot LaMarche and Mike Haynes.

The Stringrays had a successful summer with a winning record and contributed over \$10,000 to our operating expenses this year which greatly helped to offset our pool operating expenses. We met all pool issues: gate problem, pump problems, plumbing problems.

Mr. Freeman reported that Kay Pasquale resigned in the month of June due to personal issues, which resulted in the end of our newsletter. The board also dealt with legal issues concerning the proposed covenants which did not get resolved until September. In the month of October, the board began the signing campaign for our proposed covenants.

Mr. Freeman explained that the board recommends a change in the fee structure to a single-fee per household of \$215 per year. He explained the need to do so for many reasons, one being tax consequences. The subdivision needs to keep the Stingrays in existence as well as associate membership in order to maintain the \$215 yearly fee. If there is a shortfall in income in 2007, there are reserves to cover our expenses.

Mr. Freeman expressed concerns for the 2007 board: tennis courts, pool decking, newsletter, creating a liaison to work with the City of Farragut.

Proposed Covenants Update: Response was favorable. Currently, there are over 100 signatures in favor of the proposed covenants. There needs to be over 130 to ratify the covenants. The new board will determine the next step. The SHA attorney advised our board that it would be reasonable to expect the process to take at least six months. There is still much work to be accomplished to complete the signature campaign despite the great amount of work that has been done.

The President asked for questions from the membership and the response was as follows:

Q. What is the total amount of reserves in our bank account?

A. \$40,000.

Q. Out of 263 residents, how many have signed and how many have said no?

A. Approximately 4-5 people have said, "Do not contact me."

Q. Of the 263 people who are contacted, 200 are in favor; the others are not. Now what? Are we forced to join?

A. The covenants must be ratified and will apply to everyone when a majority vote reached.

B. Are they enforceable?

A. We cannot file a lien on current property owners. The covenants are enforceable when the property changes hands.

Swim Team Update:

President Freeman introduced swim team coach, John Gitto. Mr. Gitto has been an associate member of Sugarwood for over seven years. Four or five years ago, his daughter joined the swim team. Mr. Gitto has been on the parent committee for the last three years. Mr. Gitto asked the membership to support the Stingrays 100% and to listen to the report to be given by Randal Rogers. There was a beautiful article in the Deep West Magazine and reports in the Farragut Press on the Stingrays. Mr. Gitto acknowledges that he has continued to be a member of the Stingrays because of this great neighborhood.

Report by Randy Rogers, swim team liaison: Mr. Rogers children have been a member of the swim team for three years. Mr. Rogers believes that the swim team promotes a sense

of neighborhood and thanks the neighborhood for the continued use of our pool for that purpose. The Stingrays advanced to League 5, the most competitive league. They finished with three wins and two losses. Stingrays finished 4th out of 30 in the City Meet. The Stingrays welcome all abilities of swimmers and all swimmers get to swim and participate. In 2006, there were 138 swimmers from 87 different families. 48 of those were SRA members and the swim team contributed over \$10,000 towards maintenance of the facilities. Practice times: Monday –Thursday from 9:00 – 11:00 a.m. and 5:00 – 7:00 p.m. Mr. Rogers reports that that flexibility in practice times allows our team members and coaches to have more flexibility and contributes to the increase in associate membership. Mr. Rogers would ask that the membership continue to allow with the flexible practice times. One member pointed out that the practice time in the evening of 5:00 to 7:00 included one hour of pool use for the membership at large with the opening of one lane. Discussion followed concerning safe driving and parking. The following questions were asked:

Q. How much do associate members pay?

A. \$300 per family; each swimmer pays on a graduated scale.

Q. What do non-SRA members pay to swim team?

A. \$60 per swimmer.

Q. When does season start?

A. When Knox County School finishes, around Memorial Day; ends with GKAIISA swim meet.

Treasurer's Report

Graham Sexton distributed treasurer's report. See attachment. Graham reported that the goal for 2006 was to try to put the business of the Homeowners Association on a more business-like basis. An accountant was retained to do payroll. The accounting books and records were transferred to QuickBooks online which allows us to retrieve information and make reports and categorize items. Graham reports that SHA had a total income of \$85,631. \$64,000 is earned revenues. \$51,000 was SRA/SHA fees paid by the membership. SRA associate members paid a little over \$12,000. Stingrays had a gross income of \$21,000. Total expenses for 2006 were approximately \$88,412 (see attached for breakdown). Net income was -\$2,780 (difference was taken from reserve). We finished out the year with \$37,066 on deposit.

Question posed by member concerning amount of insurance policy. President Freeman answered that the amount of the policy is for one million dollars. Many questions were asked and answered concerning 2006-2007 budget. The Board will post the updated budget to the web site.

Recreational Committee Report

Bob Bailey reported on the issues surrounding the recreational area. New volleyball posts and nets were added in the spring as well as basketball posts. New life guard chairs were purchased. Research has been ongoing to repair and or resurface the tennis court and nets, as well as replace the gate. Ed Whiting and his wife, Valerie, have been responsible for staffing the pool. Phil Owens and Ricky Bullock helped with maintenance of plant and equipment.

President Freeman recognized the block captains. Ron and TC Williams were acknowledged for their support of the front entrance. Kay Pasquale was acknowledged for the great job she did on the newsletter.

Question posed by member as to repairs of tennis court and gate: "Is the amount in the 2007 budget?" Dave Freeman reports that we are considering filling the cracks first to see how that holds for a year before more money is spent. To power wash and repair the tennis court would come from our reserve.

NEW BUSINESS:

Question by Randal Roberts as to how voting and proxies were to be counted. President Freeman noted his appointment of resident Lou LaMarche who is experienced with the voting commission. Randal Roberts quoted the by-laws as to use of proxies. Randal Roberts also quoted Roberts Rules and his question is as to "no clarification as to how proxies should be used or how they will be used." Randal's question resulted in a motion by Mary Phillips to accept the proxies for the purpose for which they were intended. This motion was seconded by two members. Discussion followed.

President Freeman instructed us to proceed with the vote of the budget/fees and be allowed to use the proxies. The board received 33 proxy votes. Randal Roberts received 22 proxies. More discussion followed by Randal Roberts concerning evening pool closures for the swim team practices. President Freeman responded by indicating that pool closure for 2007 will be a decision by the 2007 board. Dot LaMarche called for the vote to approve the budget and single fee structure of \$215. The motion was seconded and the vote was held taken on the matter of: "Is the \$215 single fee structure approved by the membership, which will allow use of the pool to any member who pays." Votes were taken by written ballot. There were a total of 124 votes including proxies; of those 105 voted yes; 19 voted no. The \$215 single-fee structure was approved as well as the budget.

Further New Business: A motion was made by Mary Phillips to amend the bylaws. Please see the attached proposed amendments. After discussion, the motion was tabled until the by-laws are redrafted by legal counsel. Resident and former Board President Stan Brown made a formal demand on the Board of Directors to stop the unlawful appropriation of SHA property, namely the use of the Sugarwood name and email addresses of residents, which is corporate property. Stan Brown pointed out that the

continued use of the name Sugarwood by a Board member for his/her own personal use is a direct violation of his/her fiduciary responsibility as a board member.

Nomination of Board Candidates:

Discussion was held by President Freeman as to his personal nomination versus the nomination of Randal Roberts. Due to the volatile nature of the relationship of the Board with Board member Randal Roberts, Dave Freeman volunteered to remove his name from the list of candidates if Randal Roberts would do the same. Randal Roberts declined to remove his name from the list of nominees. Seven nominees were introduced as follows to fill four empty positions: Mary Phillips, Randal Roberts, Dave Freeman, Dan Higley, Dan Sparks, Kenneth Mehlhorn and Sam Rutherford. After introduction of each nominee, both Secretary Mary Phillips and President Dave Freeman announced that they would only accept a vote by a member if that member did not also vote for Randal Roberts. The vote was taken by written ballot. The four new board members are as follows: Dan Sparks, Dan Higley, Sam Rutherford and Kenneth Mehlhorn.

At the conclusion of the vote, several motions were made by Randal Roberts. First motion was in relation to the by-laws: All changes to the by-laws must be approved by the membership. Discussion followed. A vote was taken and the motion was denied.

Second motion: Amendment to the by-laws. The motion was tabled.

Third motion: Vote to disallow Stingrays evening practice time. Discussion followed. Vote was taken and overwhelmingly denied.

The meeting was adjourned at approximately 1:00 p.m.

Respectfully submitted

Mary Phillips
SHA Board of Directors Secretary