

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
January 24, 2007

A regular meeting of the Pheasant Run Road Maintenance Association, Inc. Board of Directors was held at the Administration Building Conference Room E on January 2, 2007.

Members Present: Ann Conklin, Canton Township, Dave Nagy, Pheasant View, Craig Stevens, Fairways, Ron Powell, Fairway Pines, Tom Casari, Canton Township

Excused:

Others: Tim Kljun, Roadway Manager
Hadyn Notestine, Fairway Pines
Len Liuzzi, Pheasant View

Ann Conklin called the meeting to order at 5:42 p.m.

Approval of Meeting Minutes

A motion was made by Dave Nagy and seconded by Ron Powell to postpone the reading and approval of the December 13, 2006 meeting minutes until the next meeting in February 2007. The motion was unanimously approved.

Financial Activity Review

Tim Kljun presented the financial reports as of December 31, 2006, closing the fiscal year of 2006, consisting of:

- Balance Sheet
- Reserve Account (Asset) Activity
- Statement of Income and Expense
- Aged Receivables
- Aged Payables
- 2006 Performance Analysis

Tim Kljun identified the investment success achieved during 2006 where the Reserve Interest Income exceeded the budget target of \$14,347 by greater than \$4,391, ending the year at \$18,738.47.

Craig Stephens commented that the board had authorized expenditures exceeding the budget for 2006 by \$26,077.51 and exceeding the reserve fund target by \$94,965.00. He stated that the board must not continue authorizing expenditures exceeding the budgets by such a magnitude. Craig Stephens expressed concern that the board's funds would be exhausted prematurely; requiring major increases in dues requirements. The board concurred with the comments. Ann Conklin reiterated that these expenditures were fully authorized by the board.

Ron Powell indicated that the overrun of \$94,965 was "Unanticipated Reserve Contingencies" and should be funded outside of the reserve assessment.

The board desires to revisit the 2007 operating budget and the 2007 reserve budget during the next meeting. Tim Kljun will prepare an explanation of the budget elements of the 2007 budget.

PRRMA Financial Planning Proposal

Craig Stephens made a presentation to the board entitled PRRMA Budget Planning (Copy Attached). The major points of the presentation are:

- Operating expenses can be accurately predicted from year to year.
- "Planning our future expenses is the single most useful activity that PRRMA can take on – A failure to plan is a plan for failure."
- The board must make the determination how to spend its capital.
- Continued comparison of actual expenditure to budget must be analyzed.
- Relying on a single information source (Reserve Study) increases risk of error.
- The board should not accept the results of the reserve study without questioning.
- Conclusions as identified on page 13 of the presentation.

In the discussion that followed Ron Powell suggested:

- The fiscal year of the PRRMA board be changed from January 1 – December 31 to August 1 – July 31 "to better predict repairs and expenditures".
- A rolling 10 year planning window should be used rather than the 20 or 30 year planning period of the reserve study.
- The reserve for roads and sidewalks should be capped at a maximum of \$500,000. The board would have the ability to raise the cap by 5% annually.
- The proposed \$500,000 cap would be allocated based upon the existing roadway allocation percentages. Each subdivision would be required to replace amounts spent for their subdivision within 3 years using a contribution percentage of 40% - 40% and 20%.
- Each association is responsible for its own repairs.
- Reserve investments be made in a "Jumbo CD".

Ann Conklin will consult with the auditor/tax preparer of PRRMA to determine ramifications of the fiscal year change.

Tom Casari informed the board that a 15 year life for roadways is an acceptable planning horizon for lifespan of the roadways. Tom Casari also explained why the board has been established in its current fashion to:

- Maintain the aesthetics of the entire area of responsibility.
- Maintain a consistency of maintenance throughout the entire area of responsibility.
- The roadways of Summit Parkway and Glengarry Boulevard are collector roads servicing all the connecting roadways.
- Control the destiny of our roadway system.

Dave Nagy explained that PRRMA has collective reserves and the ability to utilize township services. This is perceived as a "Bigger Bang for the Buck".

Craig Stephens stated that common problems face the subdivisions and benefits are gained by grouping the maintenance requirements as opposed to each subdivision handling their own.

A motion was made by Craig Stephens and seconded by Dave Nagy to "move the fiscal year to August 1 through July 31 after confirming with the auditors/tax preparers for PRRMA". Approved unanimously.

Craig Stephens made a motion to adopt a 10 year rolling plan for budget expenditures and revisit it yearly with an effective date of August 1, 2007. The motion was seconded by Ron Powell and unanimously approved by the board.

The board directed that no roadway repairs would take place until August 1, 2007.

The board directed Tim Kljun to contact Reserve Advisors and schedule a presentation of the new reserve study, by them, for the February meeting.

The members of the board concurred that the recommendations proposed by Ron Powell would be discussed at the next meeting.

The board would like to conduct a Joint Board Review (attendance by all boards) when the new 10 year rolling plan for reserves is prepared. The target plan is for a draft 10 year plan to be prepared in March 2007 and the Joint Board Review scheduled for April.

Responsibilities Discussion Item

The board requested clarification concerning the "lines of demarcation" relative to responsibilities of the roadway manager vs. each individual subdivision.

Tom Casari verbally explained and clarified the responsibilities of the parties concerned relative to the storm and sanitary sewers serving the subdivisions in response to questions from Hadyn Notestine of Fairway Pines.

Ann Conklin stated that the subject of responsibilities would be included in the agenda for the next meeting.

Traffic Study Proposal by DBA

Ann Conklin reviewed the scope of work and the bid by Dietrich, Bailey and Associates relative to the evaluation of possible improvements to the roads of Pheasant View to reduce the through traffic volume along Crowndale and Southwick.

A motion was made by Dave Nagy to move forward with the traffic study proposal by Dietrich, Bailey and Associates. The motion failed due to lack of a second.

During the discussion that followed:

A request was made that Canton Township Engineering evaluate the installation of a proposed traffic light at Beck/Glengarry Intersection. Tom Casari indicated that an evaluation was underway for a traffic light installation at the Beck/Crowndale Boulevard intersection.

The board directed Tim Kljun to revise the specification to Dietrich, Bailey and associates to:

- Alter scope of work item #3 to install 3-way stop signs at Glengarry/Summit Parkway intersection to permit left-hand turns onto Glengarry Boulevard without the requirement of a Michigan U-turn.
- Eliminate scope of work items # 4, 5 and 6.
- Request updated pricing from Dietrich, Bailey and Associates.

Traffic Issues Facing the Subdivisions

Ron Powell brought to the board's attention that Canton Township Police would not enforce the stop signs in the subdivision due to the added low mounted stop sign. Ron Powell received this information from Lt. Kerr. Ann Conklin will discuss this with Canton Township Police.

Ron Powell requested Canton Township's position on speed bumps being installed to reduce speeders. Tom Casari responded by indicating that speed bumps have been shown to increase speed rather than reduce speed due to acceleration between speed bumps. Further, Canton Township is not recommending their use.

Status of Unpaid Dues

When questioned about unpaid dues, the attendee from Fairway Pines, Hadyn Notestine stated there would be "no release of funds until a solid believable plan was made". Ron Powell stated "Fairway Pines will not hold on to the money indefinitely". Some money would be released. He further stated that he would not push any more issues and go along with the 10 year plan for reserves. The board confirmed that the 10 year plan is targeted for completion in March 2007. A joint board meeting would be scheduled in April 2007.

A motion was made by Dave Nagy that "by the end of March 2007, with the 10 year rolling plan being developed, Fairway Pines will remit all monies owed to PRRMA with a 5% APY interest". The motion was seconded by Craig Stephens. Voting was as follows; Ron Powell – NO, remaining board members – YES. The motion was carried.

A motion was made by Tom Casari and seconded by Ron Powell to adjourn the meeting. The meeting was adjourned at 8:25 p.m. The next meeting is scheduled for February 21, 2007 at 5:30 p.m. at the Leisure Services conference room.

Respectfully submitted,

Tim Kljun for Ann Conklin