

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
March 21, 2007

A regular meeting of the Pheasant Run Road Maintenance Association, Inc. Board of Directors was held at the Administration Building Leisure Services Conference Room on March 21, 2007.

Members Present: Ann Conklin, Canton Township, Dave Nagy, Pheasant View, Craig Stephens, Fairways, Tom Casari, Canton Township

Excused: Ron Powell, Fairway Pines
Others: Tim Kljun, Roadway Manager,
Joe Maltese, Fairway Pines,
Hadyen Notestine, Fairway Pines
Todd Walters, Reserve Advisors

Ann Conklin called the meeting to order at 5:35 p.m.

Approval of Meeting Minutes

During the review of the minutes of meeting, several typographical errors were noted. Tim Kljun will make all corrections and resubmit copies to all board members.

A motion was made by Dave Nagy and seconded by Tom Casari to approve the corrected meeting minutes of February 21, 2007. The motion was unanimously approved.

Reserve Study Presentation

Tim Kljun made initial remarks identifying the goals and objectives of the first reserve study conducted in March, 1999 by Reserve Advisors, Inc. This document, continuously updated to reflect current conditions, is the document guiding PRRMA in establishing reserve funding requirements and assessments to the member subdivisions.

Tim Kljun further remarked that during 2006, the PRRMA board of directors authorized an update of the reserve study to be performed by Reserve Advisors. This update activity was conducted by Mr. Todd Walters, professional engineer from Reserve Advisors in July – August of 2006. Copies of this new reserve study were circulated to all members of the board during August, 2006.

After review of the new reserve study, the PRRMA board of directors desired a face-to-face meeting with the engineer who prepared the study in order to make clarifications of the new study.

Tim Kljun introduced Mr. Todd Walters, professional engineer from Reserve Advisors, Inc.

Mr. Walters began the review of the reserve study as focusing on the identification of the funding requirements to repair and maintain roads and infrastructure. Three methods of funding the reserve study requirements were identified; special assessments to the member subdivisions, loans to cover required costs and continuous annual contributions of identified amounts to a replacement reserve account to cover future costs.

Mr. Walter identified that the continuous annual contribution option assured that all users paid their fair share of use costs for the roads and infrastructure.

Mr. Walters identified that the reserve study was prepared using engineering analysis to establish the best opinion of the remaining life of the roads. This opinion was supported by the use of independent analysis of R.S. Means, Inc, regionally corrected data and the construction cost section of the consumer price index. He stated that the dominant portion of the study focused on the asphalt roads. The costs specified for the road repair recommended that mill and overlay technique for roads exhibiting normal wear.

Mr. Walters indicated that Reserve Advisors, Inc. had conducted 4000 reserve studies since their founding in 1991. Of those 4000 studies, 500 were conducted in Michigan. Mr. Walters identified that Reserve Advisors Inc. had 20 engineers and architects in their employ with disciplines of civil, structural and mechanical engineering.

The board requested an explanation of the major differences between the reserve study of 1999 and the new study of 2006. Mr. Walters identified that the first reserve study was a snapshot in time when the roads were newly in place. No comparison was available at that time. He identified the major differences as those identified in page 4, lines 9 through 14, of the new reserve study paraphrased as:

Accelerated and premature pavement deterioration. Fairways subdivision was identified as facing significant deterioration of the roads.

Lower than recommended reserve contributions in previous years.

Infrequent updates of the reserve study.

Increase in petroleum prices.

Variables affecting the Reserve Study funding plan are identified on page 26, lines 13 to 19.

Comparison of the initial reserve study, spanning 20 years and the new study spanning 30 years was explained as the timeframe increase established as a standard by nationally recognized organizations of the Community Associations Institute and the Association of Professional Reserve Analysts.

The inflation percentage of 3.9% was based on the Marshall Swift, localized construction section of the consumer price index.

The roadway evaluation was visually conducted by walking and driving the roads and evaluating the percent of cracking present.

Mr. Walters identified on page 13, line 28 the requirement for future reserve study adjustments when funding untimely or unexpected replacements.

Identification of the lowest critical balance of the reserve, \$80,000, occurs in year 2017.

The board questioned the fact that not all roads were constructed to the same specification. Mr. Walters identified that this condition was not of a concern to the reserve study, only the current condition of the roads was considered.

The condition of Glengarry and Summit Parkway was questioned. Mr. Walters indicated that the deterioration was deemed acceptable based upon amount of use.

Fairway Pines representative questioned if a numerical rating system was in place. Discussion followed relating to how roadways would be repaired, repairing an entire area of patch repair. Ann Conklin stated that there were systems in place which would be used to optimize repair/replace evaluation.

Mr. Walter reiterated to the board that it had a fiduciary responsibility to prepare to future roadway expenses. At this time, the reserve amounts trail the original study recommendations by some \$400,000.

Mr. Walters identified that the reserve study reflected a condition requiring no special assessments. He further recommended that PRRMA continue funding the reserve on a yearly basis as identified in the reserve study and not establishing a cap amount of the funds.

Mr. Walters completed his presentation and departed at 6:55 PM.

Tom Casari identified that there were many private roads in the area with none of them being older than 15 years. He further identified that Wayne County did not utilize a reserve for repair of roads but were completely reactionary as opposed to proactive. Additionally, Wayne County road commission provides no road work to county subdivisions. Joe Maltese indicated that he had conducted independent research with

Wayne County Road Commission. He stated examples of subdivision roads lasting 30 or more years. Tom Casari indicated that the examples were for concrete pavement roads of which PRRMA has none.

Craig Stephens of Fairways stated he felt no gross overstatement of conditions or costs existed in the new reserve study. He indicated that the board should incorporate the new study using funding techniques acceptable to the homeowners within limits established by the subdivision covenants and restrictions.

Ann Conklin asked Craig Stephens to explain his 10 year rolling plan as it related to the new reserve study. Craig will prepare a presentation for subsequent meetings.

Dave Nagy recommended that Tom Casari review the new reserve study in detail. The board concurred with this recommendation and Tom will review the study. Tom Casari stated to the board that he was impressed with the presentation of Mr. Walters.

Further discussion occurred concerning assessment amounts to homeowners. Tim Kljun distributed the Maximum Individual Homeowners Assessment based upon interpretation of the appropriate paragraphs of the covenants and restrictions. Ann Conklin will confirm the interpretation with legal staff.

Financial Activity Review

Tim Kljun presented the financial reports as of February 28, 2007, consisting of:

- Balance Sheet
- Reserve Account (Asset) Activity
- Statement of Income and Expense
- Aged Receivables
- Aged Payables
- Narrative for February 2007

No questions or clarifications were requested.

Traffic Study Proposals

Tim Kljun presented a summary of the proposals from respective bidders; Dietrich, Bailey and Associates and Tetra-Tech. Tom Casari indicated he was familiar with both firms and recommended Tetra-Tech be used because of their expertise in traffic studies as compared to Dietrich, Bailey and Associates. Tom Casari stated that he would have Canton Township Engineering department overview the traffic conditions in Pheasant View and identify alternatives.

The board directed that the project be put on hold pending a review by Canton Township Engineering.

Reserve Fund Funding Discussion

Craig Stephens questioned Fairway Pines representatives concerning their status of payment of assessments by PRRMA. Joe Maltese stated that nothing had changed in their position. Joe Maltese stated that Fairway Pines may release some funds as an example of good faith.

Ann Conklin confirmed that if all funds were not paid by Fairway Pines by the end of the month of March, 2007 that the board would proceed with legal action for the collection of funds. Ann Conklin stated that valuable discussion had taken place between board members.

A motion was made by Dave Nagy and supported by Craig Stephens to adjourn the meeting. Vote results were unanimous.

The meeting was adjourned at 8:40 p.m. The next meeting is scheduled for April 18, 2007 at 5:30 p.m. at the Leisure Services conference room.

Respectfully submitted,

Tim Kljun for Ann Conklin