

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
January 10, 2008

I. 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 Thursday, January 10, 2008.

Members Present: Ann Conklin, Canton Township, , Craig Stephens, Fairways, Tim Kljun, Roadway Manager, Laura Gitre, Fairway Pines, Tom Casari, Canton Township, Mark Waldbauer, Pheasant View

Others: Dave Nagy, Pheasant View, Deborah Dooley, Canton Township, Paul Porter, Pheasant View, Ed Zalmanski, Legal Counsel

Ann Conklin called the meeting to order at 5:34 p.m.

Question and Answers with Legal Counsel

Ms. Conklin stated the Board members need to keep questions specific to how PRRMA changes the Reciprocal Roadway Agreement, by-laws, and what takes majority and unanimous vote, and policy. Ms. Conklin stated no questions will be asked or answered about the on-going law suit.

Mr. Zalmanski stated as a preamble Ms. Conklin stated PRRMA had questions on how to amend the above mentioned documents. Mr. Zalmanski stated the purpose for amending is to address concerns that there is no power for PRRMA to assess for reserve funding. Mr. Stephens stated it would be up to the Board to make the changes for what it would like the documents to clarify and how would PRRMA accomplish this task.

Mr. Zalmanski stated PRRMA's Declaration has the provisions in paragraph 22, which requires the approval of the Township or each association board to modify the Declaration. Ms. Conklin inquired to modify the Declaration would it be the representative of each association on the PRRMA Board or the respective homeowners board. Mr. Zalmanski stated it would be the respective homeowner's boards and not the PRRMA Board. Mr. Zalmanski stated it would be by majority of the homeowner's boards. Mr. Zalmanski stated in the Reciprocal Roadway Agreement, paragraph F states that in the case of each subdivision the powers, duties and authorities of the association with regard to the roadway, including without limitation that the power of the association are more explicated set forth in the Declaration of covenants and restrictions pertaining to such subdivision in the Articles of Incorporation Corporate By-laws.

Mr. Zalmanski stated since paragraph F specifically refers us to each association for purposes of determining powers, duties and authorities of the association regarding to the roadways

specifically including investment powers. Logically you would have to go to each individual association. Mr. Stephens inquired if the approval to change the Reciprocal Roadway Agreement has to be approved by the HOA Board or does the approval has to come from all the residents of that subdivision. Mr. Zalmanski stated it would be sufficient to have the approval of each HOA Board. Mr. Zalmanski stated it would be a matter of majority vote. Mr. Zalmanski inquired if each HOA Board consists of 5-members. Mr. Stephens stated he believes they are all different. Mr. Zalmanski stated there are only 5 member Boards empowered by the by-laws, and some boards may have an alternate. Ms. Conklin inquired if it would take 3 of the 5 member boards in each HOA and when the vote comes back to the PRRMA Board it would have to be unanimous. Ms. Conklin inquired if that was for the Reciprocal Roadway Easement Agreement or By-laws. Mr. Zalmanski stated the PRRMA Board can enact changes to the By-laws by majority; however those By-law changes cannot conflict with other empowering documents. The PRRMA Board would have to go to Declaration of Covenants and Restrictions for each constituent member, you cannot take the By-laws for this body and undo that language. There is a specific limiting paragraph within PRRMA's By-laws that makes that recognition. PRRMA cannot give itself more power than it has. Mr. Stephens stated what Mr. Zalmanski is saying is that the PRRMA Board can do anything with the By-laws as long as it doesn't contradict or change the Reciprocal Roadway Easement Agreement or any of the individual association agreements.

Mr. Zalmanski stated the By-laws maybe amended by an affirmative vote of at least 4 directors. Ms. Conklin stated it is more than a simple majority; it must be 4 of the 5. Mr. Zalmanski stated provided that the provisions of the By-laws which are governed by the articles may not be amended except as provided by the articles and provided further that any matter stated here and to be which is in fact governed by the declaration may not be amended except as provided in the declaration. Mr. Zalmanski stated the declaration is on top of the pyramid and the by-laws are subject to the declaration's provisions. Ms. Conklin inquired where the policies fall. Mr. Zalmanski stated the policies have the flexibility for everyday governance. Mr. Zalmanski stated the policies are the mortar and the by-laws are the bricks and the declaration is the foundation. Mr. Zalmanski stated the more general documents are those that are paramount in terms of power structure and they don't try and deal with everything, they recognize that a governing board is here to exercise some discretion in governing power and that you cannot foresee every circumstance that will arise. Mr. Zalmanski stated for example it doesn't say here is your budget. The Board has the power to enact budgets. Mr. Zalmanski stated policies are typically how you will do things on a routine basis; however if you attempt to enact a policy that specifically contradicts the by-laws or the declaration then that policy is void, you have overstepped the bounds of your authority. Ms. Conklin stated the PRRMA Board can make changes to the by-laws (4 out of 5) and policies (simple majority), and the Reciprocal Roadway Easement Agreement needs a unanimous vote. Ms. Conklin stated at the HOA you need a majority vote.

Mr. Waldbauer inquired if PRRMA was incorporated and where does that fall in the covenants and restrictions and does it supercede the declaration. Ms. Conklin stated yes, PRRMA is incorporated. Mr. Zalmanski stated the articles of incorporation are paramount. The state has the authority to recognize the existence of the corporation. The Articles of Incorporation are filed with the state and constitute is charter. Mr. Waldbauer inquired if

those articles are amendable. Mr. Zalmanski stated they are amendable; however there is no amendment clause so we look to the Non-profit Corporation Act and those maybe amended by a majority of PRRMA members eligible to vote. Ms. Conklin inquired if the Articles of Incorporation are the highest document. Mr. Zalmanski stated yes, for the PRRMA governing body. Mr. Zalmanski stated the HOA have certain inalienable rights. Ms. Conklin inquired if the Articles of Incorporation can be amended since it is the highest document but not amend the Reciprocal Roadway Easement Agreement and override the Declaration which needs a majority vote. Mr. Zalmanski stated no that cannot be done. Ms. Conklin stated the Articles of Incorporation states what PRRMA is empowered to do and if PRRMA wants to change what it is empowered to do, why can't we. Mr. Zalmanski stated you have the internal limitation and you would have to have the constituent associations agree to that change. Mr. Zalmanski stated the Articles of Incorporation does not give you more power over the constituent associations. Mr. Stephens inquired if the PRRMA Board finds something in the Reciprocal Roadway Easement Agreement that it doesn't agree with and it is not addressed in the Articles of Incorporation we cannot add them as a way to override them. Mr. Stephens inquired if there was a specific topic in the Articles of Incorporation and PRRMA wants to change this specific topic that is something that we could do. Mr. Zalmanski stated yes, that could be done.

Mr. Zalmanski stated the Articles of Incorporation are typical and are very general and basically a broad grant of power to do all things that are legal and permissible under the declaration. Ms. Conklin stated PRRMA needs to look at the Declaration and the Reciprocal Roadway Easement Agreement as the primary documents. Mr. Zalmanski stated page 4, paragraph F. is the keystone. It says that the constituent associations, you go to their declaration and covenants when you are looking at assessment power. In order to change that, to give PRRMA more power, you have to go to the constituent associations to do so for their approval.

Mr. Stephens stated in order to change the Reciprocal Roadway Easement Agreement you need unanimous approval and the good news is that PRRMA doesn't have to get the approval of every homeowner. Mr. Zalmanski stated that unanimity cripples your ability to govern and make meaningful changes. Ms. Conklin stated it is unanimity of this Board but not unanimity of each HOA Board which is even better because there could be some disagreement on the individual boards.

Mr. Stephens stated if the Board can come up with an agreement on how we want the financing and the HOA Boards agree we could dispense with the lawsuit. Mr. Zalmanski stated yes that would be a settlement of the lawsuit. Mr. Zalmanski stated in terms of the defendant in the lawsuit, Fairway Pines, they have engaged legal council and they would have to come to this Board and state how they would agree to this settlement. Mr. Stephens stated the lawsuit can end in one of two ways: either they say PRRMA Board members can collect the reserve, or PRRMA cannot. If the lawsuit ends with PRRMA cannot collect a reserve then we have rules we need to fix or what rules PRRMA should have. Ms. Conklin stated or there is a compromise and agree to some language that we all can live with. Mr. Stephens stated unless PRRMA wins the lawsuit we will need to come to an agreement on

how PRRMA manages the money. Ms. Gitre and Ms. Conklin stated whether we win the lawsuit we need to agree on how the money is managed.

Ms. Conklin introduced Mark Waldbauer, Pheasant View, as the replacement for Dave Nagy.

Mr. Waldbauer stated he has been serving on HOA Boards since 1985 and secretary for most of them. Mr. Waldbauer stated he has served as a sub on this committee and this will be his third time.

II. Approval of Meeting Minutes:

Motion by Stephens, supported by Casari to approve the December 12, 2007 minutes as amended. Yeas: Casari, Gitre, Conklin, Stephens Abstained: Waldbauer Motion carried.

Mr. Waldbauer inquired on page 2 of the December 12, 2007 minutes under IV. B. Landscaping Repairs where were these repairs to be located. Mr. Kljun stated along Summit Parkway and Glengarry Blvd. Ms. Conklin requested the Township Landscape Architect to go out and see if these plants were acceptable for this area.

III. Financial Activity Review:

Tim Kljun presented the financial reports as of December 31, 2007, consisting of:

- Balance Sheet
- Reserve Account (Asset) Activity
- State of Income and Expense Aged Receivable
- Aged Payables
- Narrative for December 2007
- Updated Maintenance and Repair Detail (accumulative totals)

Mr. Kljun distributed an additional Statement of Income and Expense for the Twelve Months ending December 31, 2007. Mr. Kljun sent all financial documents via email and inquired if everyone had received them. All members stated yes.

Mr. Kljun stated the supplement distributed in the right hand columns “year to date” the target budget for interest on reserve money was \$15,880.33, in actuality PRRMA received \$18,354.20 in interest. Mr. Kljun stated PRRMA had miscellaneous income of \$1,500 which was an insurance rebate for the wall repair.

Mr. Kljun distributed the current CD Investment showing 7 CD’s. Mr. Kljun stated PRRMA has considerable money available in Money Market and Checking accounts, more than will be needed assuming PRRMA will continue to collect dues. Mr. Kljun inquired if the Board wanted any of this money rolled into some fixed CD’s.

Mr. Kljun stated recall in our requirements for roadway repair in the last time period we cashed in a number of CD’s and rolled into money market accounts. Since the Board has made our payments and paid all bills, should we investigate rolling surplus money into CD’s. Mr. Kljun stated he has a bank that is offering 4.8% and at this time we could put \$60,000 back into a CD at that rate. Mr. Stephens inquired how much would that leave in accessible

funds. Mr. Kljun stated PRRMA has \$49,000, \$23,000 and \$12,000 (\$74,000) in cash and we have \$73,000 in PRRMA's High Performance Checking Account. Mr. Kljun stated in accounts receivable PRRMA has \$47,000. Mr. Kljun stated the dues for 3rd and 4th quarters are not contained in the numbers above. So, PRRMA has \$204,000 in cash.

Mr. Kljun stated he will prepare a recommendation and email to all members to respond back. Mr. Stephens stated his recommendation to the Board would be that we have an estimate of this year's roadway repair and have the ability to access that amount of money. Ms. Gitre stated as long as we had that amount available by August 2008. Mr. Stephens stated it sounds like we could have a longer term for some of the money. Mr. Stephens stated Mr. Kljun could give us a cash flow statement for this year and that would be helpful. Ms. Conklin inquired if Mr. Kljun can get what Mr. Stephens asked for by the next meeting. Ms. Conklin stated Canton will have paid their dues and the money from St. Joes and the Links will have been paid. Mr. Casari stated he will call Mr. Kljun with a firm amount from St. Joes and the Links on Tuesday.

Mr. Kljun distributed to each "Book Holder" modifications including an updated list of officers, updated pages to replace, and new additions to the "Book" based on the contract bid requirements which the Board approved.

IV. Unfinished Business

A. Insurance Bids

Mr. Kljun distributed a list of bidders that PRRMA sent a list of Insurance Requirements. Mr. Kljun stated the only bidder to respond with a bid is our current Insurance Company; Auto-Owners. Mr. Kljun stated the Lisa Kennedy, Nationwide Agency confirmed they will not bid. All others have not responded. Mr. Kljun stated the RFP has been out since December 9, 2007 and it was discussed that PRRMA would give them until the end of January, 2008 to respond.

Ms. Conklin stated it may be necessary to have Dennis Buda, Auto-Owners come to our meeting to discuss the possibility of some overlapping with PRRMA and the HOA insurance. Ms. Conklin stated who ever is determined to be PRRMA's insurance agent come to a meeting to discuss the declaration at that time. Ms. Conklin stated it may not be until the March meeting since a decision may not be made until February, until that time we are going month to month with Auto-Owners.

Mr. Kljun stated he had a question for the Board on a \$100,000 bond for the bookkeeper at a cost of \$500 per year. Mr. Kljun stated this would cover the PRRMA Board incase Mr. Kljun absconded with money. Ms. Conklin stated this is all information that will need to be negotiated in the contract.

Mr. Kljun and Ms. Conklin have contacted some of the other insurance bidders. Mr. Kljun stated he will contact the bidders again and give them a firm deadline by the end of January. Mr. Nagy stated Pheasant View has Craig Drew at the Auto-Owners Dearborn Agency and his number is 313-562-8373.

B. Landscaping Repairs

Mr. Kljun distributed a Bid Evaluation for the replacement of shrubbery along Glengarry Blvd. Oakley Lawn Services responded to replace 82 shrubs along Glengarry Blvd., replace 42 Junipers at the Canton Center and Glengarry entrance and removal of dead plants and fertilize the new plants. This work would start next Spring. The Board asked how much it would cost to remove the 82 dead plants along Glengarry Blvd. and the verbal quotation received from Oakley Lawn Services was \$410.00 which is included in the price if they remove and replace. Mr. Kljun stated Oakley stated if they just remove, he will bring fill in to fill in the hole.

Ms. Conklin stated this item was tabled at the last meeting because we did not have the price to just remove the dead plants. Motion by Gitre, supported by Stephens that we remove from the table. Motion by Stephens, supported by Casari to hire Oakley Lawn Services based on the quotation. Motion carried unanimously. Mr. Kljun stated he will contact Oakley Lawn Services to begin work in the Spring. Ms. Gitre inquired for clarification on Option 1 and 2. Mr. Kljun stated Option 1 was to replace dead shrubs with day lilies at Canton Center and Glengarry Entrance and Option 2 was to install 16 Stella Dora Day lilies at Cherry Hill and Highlands Entrance. Mr. Kljun showed pictures of how it used to look. Ms. Gitre stated it was a concern that the center area didn't have any flowers. Mr. Kljun stated this is the responsibility of Fairway Pines and Geronimo Lawn Services. Ms. Gitre inquired why these options were on the bid evaluation. Mr. Kljun stated this was included at the request of the President of Fairway Pines. Ms. Conklin stated the shrubs would be PRRMA's responsibility and the flowers would be the responsibility of the HOA. Mr. Stephens stated it was his belief that plants around the monuments were the responsibility of the HOA. Mr. Kljun stated yes, that is correct. Mr. Kljun stated if the bed is to be maintained with shrubby it is PRRMA's responsibility. Ms. Conklin stated if it is to be enhanced with flowers, such as day lilies, it is the HOA's responsibility.

Mr. Kljun stated plants in the median required less water when they are mature.

Ms. Conklin read from the "Book" on Landscape areas in the road right of way. It states that the roadway manager may delegate the responsibilities listed to be done by the individual subdivisions in the right of way. Mr. Kljun stated it is ultimately the responsibility of PRRMA and the Board has delegated that authority to each subdivision and they hire their own landscape services. Ms. Gitre stated she will take back to her Board that PRRMA will complete the replacement of the dead shrubs and if the Boards wants to do additional flowers it will be the HOA responsibility.

Mr. Stephens stated PRRMA needs to correct the "Book" where it states that PRRMA's responsibility is flowers and shrubs and change to just shrubs. Mr. Casari stated the right of way is one foot back of the sidewalk and in the event of no sidewalk it is 90 feet. Mr. Stephens stated where County Club connect to Cherry Hill is PRRMA responsible for all the shrubs around the monument. Mr. Kljun stated yes, that is the right of way. Mr. Kljun stated there are three monuments and on either side of the boulevard there are flower beds and Fairway Pines handles their flower

beds on an annual basis. Mr. Kljun pointed out a shrubby bed in Fairway Pines that was supposed to be maintained by Fairway Pines landscaper and was not and that is where the problem is. Ms. Conklin stated PRRMA replaces and Fairway Pines has to maintain them.

Mr. Stephens stated his HOA recently replaced shrubby around their monument. Ms. Conklin stated then send PRRMA the bill for these replacements. Mr. Porter stated Pheasant View has been replacing a lot of shrubs and it is their second largest budget item. Ms. Conklin stated send PRRMA the bills. Ms. Conklin stated all planting of shrubs and trees in the right of way around monuments are PRRMA's responsibility. Mr. Kljun stated it is the HOA's responsibility to mow, trim the shrubs and water. Ms. Conklin stated many years ago the HOA asked if they could maintain their own planting beds.

Mr. Porter stated if his HOA hires a good landscaper to keep of their plants, shrubs and trees alive and they don't die, but other subs do die, his association's money goes to subsidize their bushes. This is kind of a rub with him.

Mr. Waldbauer stated when he was on this Board in the past, they had spent a fair amount of time on this same issue. It seemed ridiculous to have PRRMA doing the bids, hiring the contractors and sending an invoice to the individual subdivisions to reimburse PRRMA. It seems much more reasonable to be doing it the way it has been done for the last five years. Ms. Conklin stated it has been done this way since probably 2001-2002.

Ms. Gitre stated this is an issue that needs to be discussed and voted on; however does not feel it can be done this budget year. Ms. Conklin stated if PRRMA is not going to be replacing the shrubs then dues would need to be reduced. Ms. Gitre stated if this can be planned for in August then the HOA can budget according. Ms. Conklin stated the shrub responsibility can be added to a future agenda.

C. Contract for Roadway Manager Independent Contractor

Ms. Conklin stated no further updates for the Roadway Manager. At this time we are still going month to month with that contract.

D. Southwick Road Signs Update

Mr. Casari stated the "U Turn" sign from the boulevard in has been removed and a "No Thru Traffic" sign has been installed. On Crowndale coming in off of Beck we had to order a sign and will probably have the sign by Monday. By the end of the week the "No Thru Traffic" sign coming in off of Beck on Crowndale will be installed.

Mr. Casari stated we are going out for RFP's the end of February to design the Beck/Crowndale intersection signal. Mr. Casari stated the pavement markings and resigning will probably be included in the bid. The proposal will be west of Beck to east of Beck coming out onto Central Parkway a sign that says "Right Turn Only"

and on the other side “Left Turn Only” and two big white arrows and will require County permits. This will be an easily enforceable movement and can be ticketed.

Mr. Nagy inquired if arrows out of Crowndale westbound could be installed. Mr. Casari stated that would probably be a problem westbound from private road to public road and the County will not approve. You would actually be telling the public that there is a public road that they could not use. Central Parkway is a County road coming in and all the way west to Procter, there is a segment entrance into the condos that is private and then continues on as public. The north side is public and a good portion on the south is public.

Mr. Stephens stated if you are going east from Central Park into Pheasant View there will be left and right turns only onto Beck Road. Ms. Stephens stated if that is public to public and if we want to install a left and right turns only on the Crowndale side since it is private we should be free to do that. Mr. Casari stated Crowndale is private and as far as the County is concerned your entrance is just someone’s driveway and there is a request from you that you prohibit the public from using your private roadway.

Ms. Conklin stated she did send an email to the police department that the only people that were speeding are police officers and they indicated they would monitor it.

Mr. Waldbauer inquired if the new signs will eventually match the signs that PRRMA has spent a lot of money on. Mr. Casari stated it will be up to the PRRMA Board if they want these signs changed over to match. Ms. Conklin stated will the signs meet the Uniform Traffic Code if we make them look pretty. Mr. Casari stated as long as the sign face and height meet the code you should be ok with a decorative pole. Ms. Conklin inquired if that was a request. Mr. Waldbauer stated yes at some time. Ms. Conklin stated it is the sign at Southwick and Summit Parkway that says “No Thru Traffic”. Mr. Casari stated there will be another one coming in off of Beck at Crowndale “No Thru Traffic”. Mr. Casari stated they could take the sign face and mount to a new backing and put it on the decorative pole. Mr. Casari inquired if anyone has received any comments on less traffic with the new signage. Mr. Nagy stated he has not received any comments.

E. Beck/Crowndale Traffic Signal Update

Mr. Casair stated the design will be done the end of February. Ms. Conklin stated the discussion was incorporated into D. above. Mr. Stephens inquired if Mr. Kljun will be going back to Tool Sport for duplication. Mr. Kljun stated yes.

Ms. Gitre stated at last months meeting didn’t we discuss doing the post differently. Ms. Conklin stated they did make the bottom different. Mr. Kljun stated the two post installed have protective metal at the bottom. Mr. Kljun stated it doesn’t stop the post from rotting, but it is a 4x4 post and treated. Mr. Kljun will inquire what other products Tool Sport has to prevent rotting. Mr. Kljun stated there are only certain

things that can be used in the ground for signs to allow break away. Mr. Stephens stated you could still have a concrete pillar in the ground and have the post mounted to that. Mr. Stephens stated these signs are in constant contact with moisture from the ground causing them to rot. Mr. Casari stated Trex sheathing could possible be used coming up 4 inches above the ground.

Ms. Conklin stated Fast Signs might have some suggestions also.

**F. Sidewalk Responsibility
TABLED**

**G. Reserve Funding Options
TABLED**

**H. Further Discussion on Fairway Pines Proposal
TABLED**

V. New Business

A. 2008 Road Repairs

Ms. Conklin stated this item will be kept on the agenda so members can start thinking about the 2008 road repairs and get done in a timely fashion. Ms. Conklin stated a meeting with Todd Zilincik in April for a walk through with specifications and begin work August 1, 2008.

VI. Other Business

A. Update on Pending Litigation

Ms. Conklin stated she has no further information on the pending litigation.

Ms. Gitre stated she received dates from Fairway Pines attorneys.

1-29-2008	Evaluation Statements Due
2-12-2008	Evaluation hearing. Attorneys meet with a 3 panel attorney's meditation
2-28-2008	Witness list due
3-20-2008	Discovery cutoff
3-25-2008	Settlement Conference for Judge
4-8-2008	Pre-trial statements due

Ms. Conklin stated the Board could be involved in the witness list.

The next PRRMA meeting will be held on Thursday, February 21, 2008 at 5:30 p.m.

VII. Adjournment

Motion by Waldbauer, supported by Gitre to adjourn at 7:07 p.m. Motion carried unanimously.