

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
April 9, 2008
5:30 p.m.

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 Monday, April 9, 2008.

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

Others: Paul Porter, Pheasant View, Tim Kljun

Ann Conklin called the meeting to order at 5:30 p.m.

II. Approval of Meeting Minutes:

Motion by Casari, supported by Gitre to approve the February 25, 2008 minutes as amended. Motion carried unanimously.

III. Financial Activity Review:

Tim Kljun presented the financial reports as of March 2008, consisting of:

- Balance Sheet
- Reserve Account (Asset) Activity
- State of Income and Expense Aged Receivable
- Aged Payables
- Narrative for March 2008
- Updated Maintenance and Repair Detail (accumulative totals)

Mr. Kljun stated PRRMA is on track; however the projected interest that was expected this year is falling a bit behind. Through the month of March and into April we are two hundred dollars less than budget projections. Mr. Kljun distributed the current CD investment timing sequence. PRRMA does not have any CD's maturing in the month of April. The next mature CD will be in May, 2008. Mr. Kljun stated PRRMA is in good shape with CD's maturing when the money will be needed. Mr. Waldbauer inquired if the average CD interest is slightly over 4%. Mr. Kljun stated yes, just about 4%. Mr. Kljun stated the maximum we are looking at is in the range of 2.25% for a one year CD. Mr. Kljun stated the money market accounts, which are shown on the balance sheet, are paying about 1.75% at this time.

- A. Mr. Kljun distributed PRRMA Actual/Projected Expense Comparison compared to the Reserve Study. The first chart shows the reserve expenses actual, the expected reserve expenses expected in 1999, and reserve expenses projected in

2006 in the new reserve study. Ms. Conklin stated PRRMA has only exceeded expenses one year. Chart No. 2 shows expenses from 1999 through 2007. Chart No. 3 shows the summary of the accumulation of expenses. This chart depicts the spending of PRRMA is ahead of the projections. Mr. Waldbauer inquired if the summary chart for 2019 using both reserve studies is based on today's dollars. Mr. Kljun stated yes, they reflect current dollars, because there is an inflation factor built in that projects out for both reserve studies. Chart No. 4 depicts the revenue collection analysis, budgeted collection 1999 study, budgeted collections from 2006 study and actual collections. Mr. Kljun stated this shows that PRRMA is falling behind. Mr. Kljun stated the last two years there has been a lack of contributions by Fairway Pines of \$76,000. Chart No. 5 shows budgeted collection from the 1999 study, the budget collection from the 2006 study and actual collections. This chart shows PRRMA is actually behind in excess of \$100,000. Ms. Gitre stated the study shows PRRMA spent more than the 1999 study projected. Mr. Kljun stated PRRMA hasn't collect enough and PRRMA has spent more than projected. In 2000 PRRMA had no collection. Mr. Kljun stated in 1998 the first input was the amount of money that was associated with the contribution by each of the three developers. The year 2000 PRRMA elected to not collect a reserve. Ms. Conklin stated that could be one of the reasons why PRRMA is accumulatively behind. Pheasant View was the last sub built in 1995. PRRMA was established after all the subs were built. Ms. Conklin stated the documents to establish PRRMA were set from the beginning of conception of the subdivisions. Mr. Casari stated the main road in off of Canton Center Road was constructed just after the Summit and Pheasant Run clubhouse was completed. Ms. Gitre inquired who paid for the maintenance of it from 1994 through 2000. Ms. Conklin stated the builders would have been responsible; however no maintenance was probably needed. Ms. Gitre stated Fairway Pines did not put the top layer on the roads until 1999. Mr. Casari stated the final phase of the roads was not completed until the subdivision was 80% to 90% complete.

IV. Unfinished Business

A. Reserve Funding Discussions – Craig Stephens

Mr. Stephens presented a power point presentation. Mr. Stephens stated he update the numbers to 2008. Mr. Stephens stated the numbers for 2008 come from the 2006 Reserve Study. Over the 10 year period, PRRMA would spend approximately \$3.5 million to repair the roads. Mr. Stephens did not include the Links and St. Joe's originally. Mr. Kljun stated approximately \$6,000 from the Links and \$3,300 from St. Joes was collected.

Mr. Stephens stated in 2008 the Reserve Study indicates PRRMA will spend \$3,000 on roads.

Mr. Kljun inquired if a percentage of increase would apply to everyone and would make it fair for everyone. Mr. Stephens stated that could be done and a good suggestion.

Mr. Stephens stated the average expense is \$347,000. Mr. Stephens stated that is the average number PRRMA has spent each year repairing the roads to date. Mr. Stephens stated since the roads are just starting to need major repairs, that number will increase. The numbers Mr. Stephens used is an increase of 10% each year for the HOA.

Ms. Conklin inquired what would happen if we take the wait and see attitude. Mr. Stephens stated if we do that we will get into Special Assessments during a certain period. Ms. Gitre stated PRRMA doesn't follow the plan just because it is the plan, each year it will need to be evaluated. Ms. Conklin stated PRRMA is completing road maintenance, which should extend the life of the roads, and possibly defer the major road repair.

Mr. Kljun stated since the reserve studies projects into 2018-2019, PRRMA needs to start projecting each year beyond those years. Ms. Conklin stated that is the 10 year rolling plan.

Mr. Stephens stated at some point our income each year will need to equal our outlay unless PRRMA projects a large project that we need to collect for in advance. Ms. Gitre stated she agrees and it is probably the better approach.

Mr. Casari stated the PACER Program is where you look at the ride ability of the roads, crack and potholes and the roads are rated. The County has completed this program on all the major roads in Canton. Canton Township will complete this on the local road system and PRRMA will be the first. The objective of this program is to never let the roads fall below fair condition. When a road hits fair condition, Canton will remedy to bring them up to good or great condition. The PACER Program has not been extended to subdivision roads, however there are some communities in Michigan that are beginning to rate them. This will develop a pro-active approach to go to the HOA's and give them the information needed.

Mr. Stephens stated the question is what numbers do we want to go with. Mr. Stephens stated it would make sense for PRRMA to come up with a proposal based on the information we have, if we deviate from the reserve study we have some rational. There is an average and we want to make this affordable without special assessments. This information can be delivered to the HOA's so everyone understands.

Mr. Stephens stated a letter was sent to the homeowners in Fairways in 1999, stating in 2016 the annual dues will be \$770 per year. According to the reserve study it is only a few dollars more. Mr. Stephens stated the dues should increase to the rate of inflation each year at a minimum. There is also an increase in materials cost (asphalt). Mr. Kljun stated PRRMA needs to study how costs are increasing on materials and labor in an effort to determine that our inflation factors are correct.

Mr. Casari inquired if Mr. Stephens has the ability to go back in the chart and enter what the dues should have been based on the original letter. Mr. Casari stated in the presentation to the HOA Board you can say this is the letter we gave the homeowners originally and this amount is what the homeowners should have been paying. Mr. Stephens stated yes, he can do that. The amount equaled \$779, which is close to the \$770. Mr. Stephens stated the homeowners may not like what PRRMA has to tell them, however the message has been there since 1999. Mr. Stephens stated because of not increasing the dues to Fairways, PRRMA needs to increase the dues now to prepare for the future, since we have some catch up to do. There will be some increase above the rate of inflation.

Ms. Conklin stated the Board talked about having a joint meeting with the three HOA's to discuss the increases for the future. Ms. Conklin inquired if PRRMA is ready for this meeting. Mr. Porter stated Pheasant View does not have that option because they would not be saving anything. Mr. Porter stated Pheasant View would be paying \$1,037 in dues, Fairways \$800 in dues and Fairway Pines has accumulated a good savings by not paying. Mr. Porter stated Pheasant View, the newest association, feels like we are getting gouged. Mr. Porter stated Pheasant View is the smallest association. Mr. Porter stated Pheasant View has less roads traveled and the roads should last longer.

Mr. Waldbauer stated Pheasant View started collecting dues in 1998, \$300 per year for 4 years. Mr. Waldbauer stated in 2002 or 2003, we collected \$350 per year for a couple of years. Mr. Waldbauer stated we were allowed to raise it with a cap of \$400, which didn't happen until 2005. Mr. Waldbauer stated this year we raised it 10% to \$440. Mr. Stephens stated he read that there were some different rules governing how to raise dues. Mr. Stephens stated Fairways went fairly quickly to \$400 and then no additional raises in dues. Mr. Stephens stated it will be hard to sit there and keep paying more and more money and PRRMA not spending it on road repairs. Ms. Conklin stated she remembers sitting in PRRMA meetings and indicating we are collecting so much money and not spending it for roads. Ms. Conklin stated PRRMA has to be respectful of the residents living there. Ms. Gitre stated that is why Fairway Pines lowered their dues when their expenses decreased, and they couldn't justify a large reserve fund.

Ms. Conklin asked if we buying into the presentation from Mr. Stephens that this is an almost hybrid of the 1999 and 2006 Reserve Studies and this is what we are projecting the expenses to be. Indicating these are the dues the HOA need to collect and these are the kind of balances you will have and you may have to adjust your balances. Mr. Porter stated in his opinion, in the worst case scenario it needs to be presented that way.

Mr. Casari stated this has been a bad winter for freeze and thaw cycles. Mr. Casari stated it will be beneficial when Canton evaluates the road in the next

month and compare to last years. Mr. Casari stated it will give us a feel for how bad it could get.

Mr. Stephens stated PRRMA could say to the HOA Boards, take all the data, PRRMA did a projection and this is what it looks like. The only things anyone should take away from this data is that it would be prudent to raise your dues next year. Each year PRRMA will look at this data and continue the projection. Ms. Conklin stated she feels the HOA Boards needs to see the process that PRRMA goes through every year. Mr. Stephens stated if PRRMA is going to meet with the HOA Boards, we should probably do two things: How we are going to assess the roads, and the process of the projection. Ms. Conklin inquired if Mr. Kljun could produce the graph Mr. Stephens just described. Mr. Stephens stated road repairs by subdivision each year. Mr. Porter stated just roads not street signs, and landscaping. Mr. Stephens stated just road repairs, and pot holes. Mr. Casari stated there are totals for what is collected from each subdivision and what is spent in each subdivision; over time you should see those numbers get closer and closer for each subdivision. Mr. Casari stated with the collected data if there is a large discrepancy, something is wrong and what can we do to fix it. Mr. Kljun stated yes, he can work on that graph.

Ms. Conklin stated other than the square footage, is there something else to determine what is fair. Mr. Porter stated that is a portion, but also traffic, lineal feet and age. Ms. Conklin stated we have talked about a traffic study, which would be one more tool to help us determine what is fair. Mr. Porter stated where Pheasant View is going askew is that Southwyck has traffic from people that do not live in the subdivision. Southwyck has people from across Beck Road driving through the subdivision. Mr. Porter stated Pheasant View has talked about a guard house at the end of Southwyck and start checking drivers licenses to see who lives in the subdivision, unless we can get help from the police department to help enforce this. Mr. Casari stated the police department would have to follow every car through the subdivision. Mr. Stephens stated he thinks we would see an increase of people doing a u-turn on Glengarry just to the east of Summit Parkway. Mr. Casari stated maybe the police department could give us a week and follow cars through the subdivision and if a person is cutting through the subdivision, could they give them a warning. Mr. Stephens stated what if the speed limit was lowered on Southwyck to 15 miles per hour. Mr. Casari stated on subdivision streets if all the signs are done in accordance with the Michigan Manual Traffic Devices and they have a traffic control order to enforce, the Police Department will enforce. The only question is what does the manual state for a subdivision street speed limit and if there is nothing in the manual the police won't enforce. Ms. Conklin will call the police department and inquire. Mr. Porter stated there is a subdivision south of Geddes that has a 12 mile per hour speed limit posted.

Mr. Kljun stated residents are thinking that vehicles coming through the subdivisions are coming from the Summit and the Golf Course are negatively impacting the roads because there is a much higher usage. Mr. Kljun stated no where in the analysis does it reflect in the percentages usage of roads. Mr. Kljun stated Glengarry, in his opinion, gets a lot of traffic and impacts both Fairways and Fairway Pines. The analysis is based exclusively on square footage and length of roads within each subdivision. Mr. Kljun the only way those issues will be put to rest is by doing a traffic control study. Mr. Kljun stated then you have factual data. Mr. Porter stated he disagrees with Mr. Kljun. If a traffic study is completed and it shows more traffic on a certain road, then that subdivision will have to pay more. Mr. Kljun stated he is not saying that. Mr. Kljun stated he is stating that we have a basis for percentages for each subdivision and this would confirm or deny the accuracy of those percentages. Ms. Conklin stated it would be one more tool to help us determine the whole picture. Mr. Stephens stated the issue is how could PRRMA go about changing the percentages. Mr. Stephens stated if you collect the data you need to know what you will do with the results. Ms. Conklin stated she will add the traffic study to the next agenda.

Mr. Casari stated he will get a county permit to put the sign in and paint the arrows, located from the west to the east as you come out of Central Parkway, sometime in June.

Ms. Conklin stated we need to set the date for the joint HOA Board meeting.

Mr. Porter inquired how Fairway Pines feels about the lawsuit. Ms. Gitre stated Fairway Pines wants to follow the lawsuit through. Ms. Gitre stated Fairway Pines wants to own their own money. Ms. Gitre stated Fairway Pines biggest argument is with Canton, and paying for Summit Parkway. Ms. Gitre stated Fairway Pines is concerned with how much control they have over the reserve fund. Ms. Gitre stated she has a list of high priority issues that she needs to discuss with PRRMA.

Ms. Conklin stated PRRMA has discussed at the last meeting the assessments have been raised this last quarter and do we need to adjust them downward. Mr. Kljun presented a hand out to everyone showing the assessments for 2007. The second page shows the current assessment which is from August, 2007 through July 2008, when an appropriate change was made for the fiscal year. The chart shows the average cost per homeowner for the reserve contribution, which has increased. Ms. Conklin stated there needs to be discussion whether this amount should remain the same or be reduced. Mr. Stephens stated the study show that the new assessments are not far off from the study, which is about \$10.00 per subdivision. Mr. Porter stated realistically we know we are going to spend a lot on roads this year. Mr. Waldbauer stated from the July 25, 2007 minutes the Board approved spending up to \$158,000. Ms. Conklin stated it wasn't approved to raise

assessments, the expenses were authorized, and the interpretation was to raise the assessment. Ms. Conklin stated she wanted to make sure everyone was comfortable with that, if not we need to make an adjustment downward. Mr. Kljun stated we have one more quarter payment to take us through August and that assessment will be invoiced in May. Mr. Porter stated he has one payment for Pheasant View in May of \$12,513.75 to finish out the 2008 fiscal year. Mr. Porter stated he will have two payments in the remainder of 2008 for the 2008-2009 fiscal year of \$17,500. Mr. Porter stated he will definitely be in the red. Mr. Porter stated previous Boards had not raised the dues along the way. Ms. Conklin stated that is why we are having this conversation, should the assessments be lowered.

Mr. Kljun stated the total reserve for the fiscal year 2007-2008 was \$105,014 and the new reserve is \$152,888. Ms. Conklin stated this new reserve was based on an interpretation of how much we spent last year and how much we should spend this year. Ms. Conklin stated she feels an adjustment needs to be made to the HOA's dues. Mr. Stephens stated we could fix the average annual cost per homeowner to keep Pheasant View from going into the red. Mr. Stephens stated it is not unreasonable to reduce each HOA's dues. Mr. Stephens stated Pheasant View needs to let PRRMA Board know what they can afford for 2007-2008 fiscal year assuming 2008-2009 will be \$213.00. Ms. Conklin stated the last quarterly invoice needs to be reduced. Ms. Conklin stated it should reflect not what was spent but what was anticipated in spending.

Mr. Stephens inquired what the assets were in December 31, 2007. Mr. Kljun stated PRRMA had in the reserve accounts \$333,000 plus \$30,000 in checking, a total of \$363,000, cash on hand, not including what Fairway Pines owes. Mr. Kljun stated at the end of 2007, Fairway Pines owed \$59,800. Mr. Stephens stated we had roughly \$420,000 in December of 2007. Mr. Stephens stated we started 2008-2009 with \$360,000. Mr. Stephens stated we could probably have the subdivisions not pay anything in the last quarter 2007-2008 fiscal year and start the assessment for the 2008-2009. Mr. Stephens stated he is not saying we should since it is projected we will have problems in future years. Mr. Stephens stated we could reduce the 4th quarter payment down to an affordable level for Pheasant View. Mr. Porter stated he doesn't think we should wipe it out, just adjust it down. Ms. Conklin stated for the integrity of what we did in the past and what we will do in the future, it needs to reflect what it was suppose to be. Mr. Kljun stated we were suppose to be at \$105,000 in 2007 and it was increased to \$152,000. Ms. Conklin stated we were supposed to collect \$110,000 and we actually collected \$158,000. Mr. Kljun stated Pheasant View is at \$12,500 and if we could drop it \$10,900. Ms. Conklin stated we should drop everyone's assessment by their percentage for the 4th quarter. Ms. Conklin stated we should have taken the additional from the reserve and not the HOA dues. Mr. Porter stated now that we have a forecast he can start budgeting.

Motion by Waldbauer, supported by Stephens that the 2007-2008 adjustment be reduced by \$48,000 and each HOA is reduced by their respective percentage with the exception of Canton. Motion carried unanimously. Mr. Waldbauer stated the numbers are \$158,182 to \$100,010.

Mr. Kljun stated the percentages for the final quarter for Pheasant View will get a reduction of \$10,992, Fairway will get a reduction of \$15,240, and Fairway Pines will get a reduction of \$15,960. Mr. Kljun stated that will come out of reserve money. The reserves and operating monies will be reduced for all three HOA. Mr. Kljun stated \$15,076 was Canton's excess contribution this year.

Mr. Kljun stated on the Income and Expense Statement under miscellaneous income is where you will see the amount for the Links and St. Joes of \$9,268.50.

Mr. Stephens will send his presentation via email to all members.

Mr. Stephens inquired if we could set a date to speak to the HOAs. Mr. Waldbauer stated it should be after the litigation is settled and after we have started on our 2008-2009 budget. Ms. Conklin stated she will add it to the next meetings agenda. Ms. Gitre stated we can discuss the reserve studies from 1999 and 2006. Mr. Stephens stated we should give residents as much advance notice if we want them to come to the joint meeting. Members will check their respective calendars and submit potential dates for the joint meeting.

B. Insurance Updates

Mr. Kljun stated as April 1, 2008, all the modification to the basic policy including all of the Board members have been completed. Mr. Kljun stated the request for the bond has been submitted and will not be in force until the check is signed. PRRMA has made application for workman's compensation and Mr. Kljun is meeting tomorrow with the insurance underwriter to present the check. Mr. Kljun stated he will have a presentation on the modifications and the coverage for PRRMA after that. Ms. Conklin stated we will present to the HOA's copies of the policy to review. Mr. Porter inquired since PRRMA owns the common property if the HOA's landscaping who is maintaining PRRMA property will need workman compensation certificates from the contractors. Mr. Kljun stated PRRMA's workman's compensation does not cover the HOAs. Each HOA would have to carry their own workman's compensation since you are hiring this contractor. Mr. Casari stated because the HOA's landscaper is working in PRRMA's road right of way, the HOA's contractor needs to show they are insured and that PRRMA is an additional insured on their policy. Mr. Kljun stated PRRMA's policy indemnifies everyone. Ms. Conklin stated the HOA needs to indemnify PRRMA also.

C. Landscaping Repairs

Mr. Kljun stated the landscaping repairs that the Board authorized along Glengarry and along the entrance to Fairway Pines he does not have an exact date for work to be completed.

Mr. Stephens stated there is a tree down at the intersection at Glengarry and Beck Road. Mr. Kljun stated that is the area occupied by Fairways. Motion by Waldbauer, supported by Stephens that PRRMA adopt the amendment to the landscape policy as presented by Mr. Kljun. Motion carried unanimously. Ms. Conklin stated the dead tree will be replaced by the Fairways HOA. Mr. Porter stated at the joint HOA meeting it might be helpful to clarify who pays for what.

D. Contract for Roadway Manager Independent Contractor

Ms. Conklin inquired if any member had any comments, one way or another. Ms. Conklin stated she will re-email the two options and requesting members get back with her for finalization of the contract.

E. Stop Sign Options

Ms. Conklin inquired when the stop signs will be fixed. Mr. Kljun stated the Board needs to decide which option they want to go with. Mr. Kljun has four proposals for the street sign at Mornington and Sandalwood. Mr. Kljun stated the first is conventional repair and installation at \$1,885 and would be done exactly the same as it used to be. Mr. Kljun stated with a concrete base that would be \$2,435. Mr. Kljun stated the sign with a galvanized sleeve is \$1,885 based on a minimum of six signs to be repaired. Mr. Kljun stated the Trex post and sign is \$2,605. Mr. Kljun stated there is a concern raised by the contractor using Trex material, in his experience the material shrinks and expands with heat and wanted to bring that to the Boards attention.

Mr. Stephens stated the galvanized steel column is pointing to the outside. Mr. Casari stated he would be worried how it locks into position. Mr. Kljun stated all the other stop signs that have been identified as being vandalized or damaged have all been repaired as of today. Mr. Kljun stated there are only several stop signs that have this kind of a problem where things have been knocked off. Mr. Kljun stated if the Board is going to approve this street sign he will add the other stop signs that are in need of repair. Mr. Stephens stated PRRMA does have problems with people knocking them down; however they are also rotting at the ground level. Mr. Stephens stated he believes this idea would solve the rotting.

Motion by Gitre, supported by Waldbauer to try the galvanized steel column with concrete base for the six signs. Roll Call Vote: Ayes: Casari, Stephens, Conklin, Gitre Nays: Waldbauer Motion carried.

Mr. Waldbauer stated everything PRRMA has done has been to the MDOT requirements, is PRRMA required for break away on these signs. Mr. Kljun stated yes, PRRMA is required by MDOT for break away. Mr. Porter stated this would not meet that requirement. Mr. Casari stated from a liability stand point if the signs do not break away there will be more extensive damage. Mr. Waldbauer stated which is his point, as he stated at the last meeting most of the signs in his subdivision are knocked over by moving vans or school buses.

Mr. Kljun stated he will speak to Tool Sport and Sign Company to commence replacement. Mr. Kljun stated Tool Sport can complete this work in 4 weeks.

F. Shrub Responsibility

Discussed in the Landscaping Repairs.

G. Sidewalk Responsibility

TABLED

H. Further Discussion on Fairway Pines Proposal

TABLED

V. New Business

A. 2008 Road Repairs

Ms. Conklin stated the only issue she would like to discuss is the cart crossing between the golf course and hole 19 and she would like to replace with asphalt. This is located by the club house and it is hard on the carts. Ms. Conklin stated there will be work done at Pheasant Run and the cost should not be expensive to replace the cart crossing at that time.

Ms. Gitre stated her HOA Board does not care if the cart crossings are stamped concrete, what ever is easier to maintain. Mr. Waldbauer inquired if all the cart crossing will be done or just that particular one. Ms. Conklin stated just that one for right now, since work will be done at Pheasant Run at this time. Ms. Conklin stated as it is set up right now it would be at PRRMA's expense. Ms. Conklin stated PRRMA can address each cart crossing as they need repairs. Ms. Gitre stated it would probably cost the same amount to replace with asphalt then to repair the existing cart crossings. Mr. Stephens inquired if there had been any thought to doing them in another color. Ms. Conklin stated PRRMA can look at that option; there is stamped concrete in there now. Mr. Casari stated they make stamped asphalt also. Mr. Stephens stated people are dreadful at paying attention to cart crossing stop signs, he feels if it is a different color he believes it would make it more visible. Mr. Stephens stated he would like to discuss this with his HOA Board. Mr. Casari stated if asphalt was used it could be striped for more visibility. Mr. Waldbauer stated do the one at Pheasant Run and see how it looks; then members would have something to show their HOA Board. Mr. Kljun inquired if the asphalt could

be painted. Mr. Casari stated you have to be careful because asphalt cures differently, and the paint prevents the asphalt from curing. Mr. Casari stated he has seen asphalt tinted.

Mr. Stephens stated he would not want to replace all the cart crossings now. Mr. Stephens stated he would like to wait until each one needs replacement.

Mr. Porter stated if you make a left turn onto Southwyck there is a pine tree in the center island and it is starting to grow onto Summit Parkway and needs to be trimmed. Mr. Kljun will take a look at this.

Mr. Casari stated T & M is contacting him regarding a final walk for road repairs. Mr. Zilincik is going to set up a meeting with them. Mr. Casari stated we are still on schedule for the middle through the end of this month, possibly into May getting the PACER rating completed on the roads. Mr. Casari stated they will be prepared at the Board's option to put the bids out in June and we can hold that number until our budget year allows to award it. Mr. Stephens stated what role do you want the members to have in the new process. Mr. Casari stated let Canton do the rating, give it to the Board members to look at and see if you concur. If there are areas that we disagree on we can meet at those areas and walk them together. At that time Canton maybe able to give members an idea on cost and then a decision can be made to repair or not repair at this time. Mr. Casari stated the focus is when the roads get to fair condition. We want to maintain them to get them into good condition. Ms. Gitre stated her HOA Board asked if when we do the walks, they would like to be present so that the HOA Board and Canton are thinking about repairs the same way.

Mr. Kljun presented the 2006 audit report. Mr. Kljun stated the accounts are working on the 2007 audit report. Mr. Kljun stated there is no action required from the PRRMA Board it is just to clarify that all is legitimate. Myler & Associates, P.C. stated "In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities and capital arising from cash transactions of the Association at December 31, 2006 and it revenue collected and expenses paid for the year then ended on the basis of accounting described in Note 1."

Ms. Gitre stated at her last HOA Board meeting, she asked members to prioritize the issues and concerns that they still have that are not related to the law suit. Ms. Gitre stated two or three of them have been discussed already in this meeting.

Ms. Gitre stated the reserve fund never goes over \$500,000 at any one time and their issue was a cap.

Ms. Gitre stated the percentages were a concern and this has been discussed earlier in the meeting.

Ms. Gitre stated her HOA Board questioned the St. Joes and the Links for previous years. They wondered why PRRMA didn't go back in years once it was recognized. Ms. Conklin stated it was not that it wasn't recognized, it was in an effort to be a good sport, mediator about it. Ms. Conklin stated Canton still feels the formula was done correctly, but agreed to the change in an effort to settle things and move forward.

Ms. Gitre stated the audit was a concern, however she has this now. Ms. Gitre stated administrative expenses are a concern. They understand how road repairs are split on footage, but administrative expenses are equally spent. Mr. Kljun stated all administrative expenses with the exception of expenses that are approved to Canton Township are split on the same percentages. Ms. Gitre stated they question if that is reasonable. Ms. Gitre stated PRRMA (as an example) uses Mr. Kljun's administration expense equally, not based on road percentage and should that fund be split 50-50. Ms. Gitre stated these are topics that we can address.

Ms. Gitre excused herself so the remaining Board could discuss the law suit.

VI. Other Business

A. Update on Pending Litigation

There was a confidential update on the pending lawsuit.

The next PRRMA meeting will be held on Monday, May 12, 2008 at 5:30 p.m.

VII. Adjournment

Motion by Casari, supported by Gitre to adjourn at 8:00 p.m. Motion carried unanimously.