

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
APRIL 20, 2011
6:30 p.m.

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 Wednesday, April 20, 2011.

Members Present: Debbie Bilbrey-Honsowetz, Canton Township, Tom Casari, Canton Township, Mark Waldbauer, Pheasant View, Craig Stephens, Fairways, Pete Sandys, Fairway Pines

Members Absent: None

Others: Tim Kljun, Roadway Manager, Deborah Dooley, Canton Township

I. Call to Order

Mr. Casari called the meeting to order at 6:37 p.m.

a. Approval of Meeting Minutes:

- i. March 14, 2011 Meeting Minutes
Motion by Waldbauer, supported by Sandys to approve the minutes for March 14, 2011 as presented. Motion carried unanimously.

II. Financial Activity Review:

a. Current Reports - Financials for the end of March, 2011

Mr. Kljun distributed a projected cash flow chart for the calendar year 2011.

This identifies the amount of money in the reserve fund monthly. Mr. Kljun stated the chart indicates the projected income from investments received and the actual income from investments received. The chart reflects the association dues projected and actual. Mr. Kljun stated May is the next assessment. The association dues are expected to increase by 10%. Mr. Kljun stated the projected total income for 2011 is \$274,293.

Mr. Kljun stated there are four elements that contribute to the calendar year:

Administration Expenses, inflated by approximately 2%

Maintenance Expenses, no inflation, Canton cost for landscaping, money in, money out. Canton runs the money through PRRMA paid in January.

General Maintenance Expenses, Lighting repairs, etc. 3% inflation

Roadway Expenses, August, October, November and December, adjusted on a monthly basis

Mr. Kljun stated the projected reserve dollars will be at its lowest level in October and December. Mr. Kljun stated this presentation should be included in the monthly presentation to assist the Board in understanding the expenses occurring.

Mr. Sandys stated looking at the actual expenses could Mr. Kljun provide a brief explanation for overages on expenses. Mr. Kljun will provide a brief description on overages.

III. Unfinished Business:

a. Road Repairs

i. Discussion on 2011 Paving Program and Determine Meeting Date with Al's Asphalt

Mr. Casari stated he sent Dave a copy of the contract that he also sent to all Board members. It was last year's contract with an addendum completed by Spalding DeDecker that adjusts the items that the Board approved for 2011. Mr. Casari stated he asked Dave to read the contract and execute and bring three original copies to our next meeting. The agreed date to meet with Dave is May 2, 2011 at 6:30 p.m.

Mr. Casari stated he hopes Dave has an idea on the time frame, scheduling along with his communication plan. Mr. Stephens inquired if there was anything in the contract regarding communication. Mr. Casari stated the contract has nothing different than last year. We can add additional ideas on the communication at the meeting.

Mr. Casari stated he spoke with Mr. Balon to clarify non-compliant areas for ramp improvements, trip hazards in areas where mill and resurfacing will be done. He has not heard back from him. As soon as Mr. Balon contacts him he will email the results to all members.

Mr. Casari stated he did not have this item on the agenda, but in regards to roads, he emailed the members information on the model. Mr. Casari stated he received from Spalding DeDecker a colored chart indicating a new 10 year plan based on keeping the roads at or above a PASER 57. Spalding DeDecker plugged in all repairs that were completed in 2010. The results were a road rating that equates to very good. Mr. Kljun stated it is his understanding the OCI rating after repairs will go up to 71.81. Mr. Casari stated yes, that is correct. Mr. Casari stated when Spalding DeDecker started in 2008 the OCI model was 58.21. The prediction for the 2009 OCI would be 61.34 based on PRRMA spending \$320,000. The prediction for 2010 the OCI based on PRRMA spending \$320,000 would be 60.26. PRRMA spent less money but received more work completed in 2010. The OCI was almost 65. For 2011 the OCI is unimproved at 64.38. This year Spalding DeDecker plugged in Al's Asphalt's number which will get us more work completed then what was predicted. The conclusion this year is we are spending \$290,000 with an OCI of almost 72. Mr. Casari stated moving forward in 2011, they increased Al's Asphalts' pricing and Spalding DeDecker is comfortable suggesting we budget \$290,000 per year. The OCI will never fall below 57 until the 10th year. At the beginning of the 10th year the OCI will be 54.43. With PRRMA spending \$290,000 it will bring the OCI up over 57.

Mr. Waldbauer stated the \$290,000 includes \$20,000 for sidewalks and we may want to run the model at \$270,000. Mr. Waldbauer stated he hopes at some point we don't have much more ADA compliance work. That might free up \$20,000 per year we don't have to project using. Mr. Casari stated using \$20,000 towards ramps and walks within 5-6 years the sidewalks in the three subdivisions should be in great shape. Trip hazards can be saw cut to remove the hazard, which is about a third of the cost for sidewalk replacement. Mr. Waldbauer stated this will give PRRMA a PASER rating of 7 which was not anticipated initially. Mr. Casari stated the negative of this is the gas prices are escalating. He has been told you can purchase concrete cheaper than asphalt.

Mr. Kljun stated he has reviewed the information and he is not sure we can sustain these numbers unless we raise the dues. However, the philosophy has been to reduce

PRRMA's reserve fund. We have reduced the reserve fund considerably and brought the road rating to a very nice level. Fairway Pines contributes a third of the cost of the \$290,000. Fairway Pines cost would be \$95,680, or \$23,800 per quarter. Currently Fairway Pines is paying \$22,000 and with maintenance, which add another \$3,300 per quarter, totaling \$30,128. This is a significant increase. Mr. Kljun stated based on the criteria established by the Board that we would see expenditures reduced. Mr. Stephens stated he predicted the reserve would be completely gone by 2014. Mr. Kljun stated Fairway Pines is paying \$20,002 per quarter and would have to increase to \$30,000 per quarter, which is a 50% increase just to maintain what PRRMA is spending. Mr. Kljun stated our other expenses do not significantly increase. There will still be signs and lights to repair. Mr. Kljun stated the Board needs to give careful consideration on how this will affect us. Mr. Waldbauer stated we originally agreed to keep the PASER rating at 57-60. Mr. Casari stated but we were budgeting \$320,000.

Mr. Stephens stated in his model for 2010-2011 Fairway Pine's share was \$82,000 and over the years that will rise to \$120,000. Mr. Stephens stated that would equate to annual dues of \$515.75 to \$701.00 over a 10 year period. Mr. Stephens stated budgeting the \$290,000, no subdivision will have to increase their annual dues more than 5%. Mr. Stephens stated with the budget of \$290,000 the average annual dues would be \$575-\$625. Mr. Stephens stated the gas prices are our single unknown factor in budgeting for road repairs in the future.

Mr. Casari stated the model allows PRRMA to plug in the desired OCI and generate the cost as well. Mr. Stephens stated we can allow some fluctuation in the OCI but we would like to keep the cash flow constant. Mr. Sandys stated he would be interested in cutting the OCI approximately 2 points across the board. Mr. Stephens stated you will end up below the projected 57 and have to play catch up at the end of the period. Mr. Casari stated right now 10 years out our rating will be 54, but if we spend the \$290,000 we will end up with a rating of 57. Mr. Casari stated we have the \$20,000 sidewalk budget which should start to be reduced. Mr. Kljun stated what this projection indicates is that we will have to spend the \$290,000 just to maintain the roads at a rating of 57.

Mr. Casari stated it would be approximately \$10 million to reconstruct the 10 miles of roads all at once. Mr. Casari stated by spending the \$290,000 per year you are preventing the deterioration of the roads. Mr. Kljun stated he is concerned with sustaining the money. Mr. Stephens stated there is a 50% increase over 10 years and feels that is sustainable. Mr. Kljun stated he does not see the annual dues increasing enough and we are using the reserve much more quickly than we are able to sustain. Mr. Stephens stated his concern is that though we may have enough money coming in over the year we could be up to three quarters off because of the cash flow. Mr. Kljun stated at the end of December 2010 we started off with \$164,000 and we received payment from Canton ending with \$245,000. Mr. Kljun stated the cash flow continues to increase until June 2011 and then decreases. Mr. Kljun stated in December 2011 we end with \$88,000. Mr. Stephens stated his projection for July 2011 is \$263,000 in the reserve. Mr. Kljun stated our first roadway repair payments occur in August at \$206,000. Our payments for the roadway repairs are August, October, November and December. Mr. Casari stated in January 2012 Canton's payment will be \$71,000. That would increase the reserve to \$160,000. Mr. Stephens stated it is to PRRMA's advantage that Canton pays ahead. It is like Canton advances the other homeowners money. Mr. Stephens stated when we get to zero in the cash flow reserve there maybe difficulties on a quarterly basis that don't exist on an annual basis. Mr. Waldbauer stated he appreciates how Mr. Kljun is looking at this projection. Mr. Stephens stated if one subdivision cannot pay their quarterly dues we may have a liability that we cannot meet. Mr. Stephens stated it might be a good idea to never drop below \$50,000 in

the reserve as Mr. Sandys suggested. Mr. Kljun stated he will project out to 2012 and see how the numbers evolve. Mr. Casari stated we could reduce our budget so we can maintain the constant \$50,000 in the reserve. We can make adjustments as needed.

Mr. Casari stated Spalding DeDecker will supply him with a map of what areas will be repaired for 2011 and the quantities. Mr. Casari stated we do not know if we need to use the entire budget of \$290,000 to achieve our goal.

Mr. Casari stated we pay Spalding DeDecker approximately \$20,000 for all of their services. Mr. Waldbauer inquired if Spalding DeDecker receives a percentage of what PRRMA budgets for road repairs. Mr. Casari stated yes, if we spend the projected \$320,000, Spalding DeDecker's percentage will be higher. Mr. Casari stated the percentage of the bid amount is a typical way of doing business. Mr. Stephens stated we all drive our roads everyday and our roads are in substantially better condition now than they were a couple of years ago. Mr. Stephens stated we are using PRRMA money much more wisely. Mr. Waldbauer stated he would like to see the cost to maintain the roads at a rating of 57 instead of what can we get for the budgeted amount year after year. Mr. Casari stated we can ask Spalding DeDecker to run the model at a rating of 58 only. It will be a different cost each year. Mr. Kljun stated a level, consistent number each year is better for PRRMA for planning purposes. Mr. Casari stated once we see how much the ramps cost there may be an opportunity to save some cash this year. Also, we could stay with the base bid. Mr. Kljun stated we need to balance our reserve to pay our bills.

ii. Sidewalk Repair, Discuss Marking Process and Township Contractor.

Mr. Casari stated he provided the members with an address and contact person for Hardrock. As soon as the quantity is recognized we can have Hard Rock out to look at those areas. We will need a time frame from Hardrock also. Mr. Casari stated once we come up with a list we can do an initial cost ourselves based on Hardrock's numbers. We can also find out the cost on the ramps from Spalding DeDecker. After we know the cost of the ramps we will know how much of the \$20,000 we have left to spend on sidewalk repairs. Mr. Sandys stated there are trip hazards on some of Fairway Pines ramps and he will note them on his forms. Mr. Casari stated Al's Asphalt will only be responsible for ramps if there is a mill and resurface at that intersection. Mr. Stephens stated the guidelines for sidewalk repairs will assist the managers for listing the hazards on the sidewalks as they do their walks. Mr. Stephens stated if there is ponding in a certain area and it freezes in the winter it will be a hazard.

Mr. Stephens inquired if Hardrock will hold their prices for residents who want additional cement work completed. Mr. Casari stated he has not discussed this with Hardrock but does not think it will be a problem. Mr. Stephens would like to get a notice out to his homeowners with a contact name and number for the contractor. Mr. Casari stated he will contact Hardrock and let them know there is additional work coming from homeowners and he hopes he holds his prices. Mr. Casari stated Hardrock cannot start the Township work until May 23rd. It would be a good opportunity for Hardrock to start PRRMA's sidewalks before the roadway work.

iii. Discussion of and if Needed a Response to Fairway Pine's Communication Plan Regarding the Summer Road and Sidewalk Repair.

Mr. Sandys stated one of his Board members' feels email communication is a waste of time and no one looks at the PRRMA website. They would like communication to be installed in the minutes. They want the contractor to be responsible for communication 100% and Mr.

Kljun to assist in this communication. His Board members expect Dave from Al's Asphalt to inform residents as needed. Mr. Sandys stated his email list is currently only 30% of the residents. Fairway Pines Board is not going to give any emails out for communication. Mr. Stephens stated we will not have 100% coverage of emails but we may be able to catch some of the residents via email. However, good signage and directing residents to the PRRMA website for additional details will be helpful. There is some communication that can be improved on. Mr. Sandys stated weekly communication will be needed. Mr. Sandys stated the signage was less effective last year due to weather. Mr. Stephens stated all repair work is subject to weather conditions.

Mr. Kljun stated he feels that whatever action PRRMA takes will be subject to criticism from Fairway Pines. Mr. Stephens stated PRRMA does need to be mindful of any communication that cost PRRMA money. Mr. Waldbauer inquired if Fairway Pines still distributes newsletters. Mr. Sandys stated we do one or two per year. Mr. Sandys stated Fairway Pines has only two potholes in the entire subdivisions, which is the largest subdivision, and he feels PRRMA is doing their job. Mr. Waldbauer stated we will make good use the A-frame signs and up to date information on the PRRMA website. Mr. Stephens stated a letter needs to be sent out when they do seal coating. Mr. Stephens stated we need some cheap large letter signs to place on the A-frame signs for easy readability. Mr. Waldbauer stated Fast Signs can make us signs to staple on the A-frames.

Mr. Sandys stated he and his wife went around door knocking informing the resident of the work that was to be done in their area last year. Mr. Stephens stated we need two sets of signage one for roadway work and one for seal coating and indicate they need to check the PRRMA website for details. Mr. Casari stated a letter can be sent out to all residents indicating the contractor's name and contact number for additional work. Paving will be Al's Asphalt beginning on or about July 1st. A-frame signs will be placed when work will begin and suggest checking the PRRMA website for continual updates. Letter can be mailed approximately mid May. Mr. Sandys suggested getting the letter done and give to the HOA for distributing. Mr. Casari suggested a tri-fold letter to be mailed. Ms. Bilbrey-Honsowetz inquired if mailing the letter will pay for itself in good-will. Mr. Kljun inquired if there could be an insert in the Focus. Ms. Bilbrey-Honsowetz stated the May Focus has already gone to print. This would be hard to separate as the Focus goes to all Canton residents. Ms. Bilbrey-Honsowetz stated the letter would possibly get more attention if it were on letter head and envelope. Mr. Waldbauer stated we had additional cost last year. PRRMA can do a mailing to defer that extra cost.

Mr. Casari stated we can run the letters through the Canton postage machine. The cost will be minimal and PRRMA will reimburse Canton for postage, paper and envelopes. Mr. Casari stated his staff can assist. There will be a total of 760 letters. All information including checking the website daily will be helpful. This will improve our communication significantly. It was decided to mail to "current occupant" to ensure delivery to all homes.

b. Insurance Updates

Mr. Kljun stated there is four elements to our insurance policy.

Workman's Compensation in Force by Travelers scheduled to expire 4/15/2012

\$4 million Umbrella Policy by Auto Owners scheduled to expire 1/1/2012

Commercial Property Liability & Crime by Auto Owners' scheduled to expire 1/1/2012

Dishonesty Bond by CNA Surety scheduled to expire 4/24/2012

Mr. Kljun stated our insurance changed on December 31, 2010 to \$325.41 per month from the previous \$358.51. The significant decrease is due to the deductible increase. The new rate of \$325.41 per month will be through the remainder of 2011.

Mr. Kljun stated PRRMA should be receiving the previous year's Workman's Compensation because no charges were required. Mr. Kljun stated he will contact our agent for a refund. In the past they have refunded the money without an audit. Mr. Kljun stated the refund is within \$50.

c. Lighting

i. Status of light repairs and other lighting issues.

Mr. Kljun stated PRRMA authorized the latest repair of a fixture on Glengarry and Oakland Court with the damaged glass. The quote was for \$250 to switch out with the new fixture. The damaged fixture will be cleaned, painted and the glass replaced and returned to storage. Mr. Kljun stated the contractor has been authorized to proceed.

ii. Payment of electric bill for lighting and monument light Glengarry/Beck.

Mr. Casari stated Mr. Stephens contacted Canton to switch over the electric bill to Canton for the monument and entryway lighting. Mr. Kljun stated there is a single meter on Beck Road that covers lighting up to Summit Parkway including the entry monument and would be a simple fix.

Mr. Casari stated there was also a questions regarding Mr. Kljun's time working on the Geronimo contract for the maintenance of areas that Canton pays separately for. In the future he would like all invoices to come through PRRMA and Canton will reimburse PRRMA. Mr. Casari stated all the PRRMA money goes into his budget so he is able to keep track of where the funds are disbursed. This will allow Mr. Casari a complete record to maintain his PRRMA budget.

d. Signage

i. Status of signage repairs and other sign issues

Mr. Kljun stated it was discussed at the last meeting that when a sign is in need of replacement all signs within that intersection should be replaced for uniformity. There are three intersections that are fully completed. Additional signs that need replacing are as follows: one sign at Canton Center and Glengarry, three signs at Glengarry and Sandlewood and one sign at Cherry Hill and Country Club. Mr. Kljun inquired direction from the Board to proceed.

Mr. Sandys suggested when the 3rd sign at an intersection needs replacement we will continue on and replace the 4th sign. Otherwise sign 1 and sign 2 replace individually. Mr. Stephens stated he agrees with Mr. Sandys. Mr. Sandys has information on mailboxes and he will send the details to all Board members. The information on post can be sent to residents.

ii. Status of David Scott Sherwood issue.

Mr. Casari stated Mr. Scott paid his money to PRRMA. There was discussion among the Board understanding that Mr. Scott has some hardships. Mr. Casari stated he received a call from Mr. Scott requesting information on the final decision on his funds. Mr. Sandys inquired if PRRMA pursued Mr. Scott's insurance company for payment. Mr. Kljun stated yes, he contacted AAA and was informed Mr. Sherwood was never insured with AAA.

Mr. Casari stated in his meeting with Mr. Sherwood it is very evident that he has almost incapacity issues and had some hardships.

Mr. Waldbauer stated this receivable had been on the books for two years and now it shows that it has been satisfied. That was his primary concern.

Mr. Kljun stated the court fine was \$450, with additional court cost. Mr. Kljun stated the removal of the damaged tree and planting of the new tree was \$450. Mr. Kljun can make a complete breakdown and email to all members. Mr. Sandys stated possibly we could return money, less our expenses, to Mr. Sherwood. Mr. Kljun stated there is no profit in the \$450, it is all our cost to replace the tree damaged by Mr. Sherwood. Mr. Sandys agreed to give Mr. Sherwood part of the money, but not the full amount, if others were in agreement.

It is unsure if the incapacity of Mr. Sherwood occurred before the accident or after the accident or was a result of the accident. Mr. Kljun believes that Mr. Sherwood is in his early 40's and has a 9 year old daughter. Mr. Kljun stated if PRRMA does want to give back some of the money, he would recommend entitling it overpayment on the books for the auditors.

Mr. Stephens stated he has a problem with Mr. Sherwood driving uninsured. PRRMA has waited two years, taken Mr. Sherwood to small claims court and he was unresponsive for the two years to our many phone calls. Mr. Kljun stated the car was insured by the mother. Mr. Stephens stated he would like to offer to assist in collecting from the insurance company. All members agreed with this direction. Mr. Casari stated he will call Mr. Sherwood tomorrow and offer to assist in collecting from AAA.

IV. New Business:

Mr. Stephens stated he noticed there was some cold patching completed on Summit Parkway and inquired if this was completed in all the subdivisions. Mr. Casari stated he will check with Public Works and email all members.

Mr. Waldbauer stated he has been contacted by a board member at Links of Pheasant Run East and they are impressed with PRRMA's roadway repairs. Mr. Waldbauer invited them to come to one of our PRRMA meeting to find out more information. Mr. Waldbauer stated they have concrete roads and it should not be of interest to them. Mr. Casari stated they should have a maintenance program in place.

Mr. Waldbauer stated he drove through Cherry Hill Village and their signs are in bad shape. PRRMA is doing the right thing with our signs.

Mr. Kljun stated we received a proposal from our CPA firm for the year ending July 2011 for \$2,325 including taxes for the audit. Mr. Stephens stated we should bid this service.

V. Other Business:

a. Next Meeting Date

The next meeting will be May 2, 2011 at 6:30 p.m.

VI. Adjournment:

Motion by Waldbauer, supported by Stephens to adjourn at 9:02 p.m.