

PHEASANT RUN ROAD MAINTENANCE ASSOCIATION, INC.
BOARD OF DIRECTORS
MEETING SUMMARY
JULY 16, 2013
5:30 PM

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 Tuesday, July 16, 2013.

Members Present: Debbie Bilbrey-Honsowetz, Canton Township, Val Krimmer, Fairways, Bill Serchak, Canton Township, John Visos, Fairway Pines, Mark Waldbauer, Pheasant View

Members Absent: None

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

I. Call to Order

Mrs. Bilbrey-Honsowetz called the meeting to order at 5:31 P.M.

a. **Approval of Agenda**

Motion by Krimmer, supported by Waldbauer to approve the agenda as presented. Motion carried unanimously.

b. **Approval of Meeting Minutes:**

i. June 10, 2013 Meeting Minutes

Motion by Krimmer, supported by Serchak to approve the June 10, 2013 minutes as presented. Motion carried unanimously.

II. Financial Activity Review

a. Current Reports

Mr. Kljun stated financial documents were sent via email to all Board members. Mr. Kljun distributed the Balance Sheet as of July 16, 2013. Mr. Kljun stated the Huntington Checking is \$6,570.47 and the Huntington Bank Money Market is \$249,006.42. The inventory of signs is \$3,221.23.

Mr. Kljun distributed the inventory status of signs and sign replacement. The first sign PRRMA replaced was in February of 2011, listing the date, location and installation cost. The average sign replacement cost is approximately \$1,500.00.

Mr. Kljun stated PRRMA is currently working on replacement of the sign on Beck and Crowndale Boulevard. The sign blades are on order and expected within the next week or so. PRRMA currently has 5 poles in inventory with the assigned cost of \$612.27 each. There is one 25 inch stop sign backer with assigned cost of \$159.89.

Mr. Visos inquired how many total signs are in all subdivisions. Mr. Kljun stated there are 176 signs in total. All of the signs that have been replaced were falling apart. Mr. Kljun stated two signs at Beck and Glengarry were hit by an out of control vehicle. PRRMA received compensation cost for those signs. Mr. Kljun

stated sign blades have to be ordered individually and it takes 6 weeks to receive delivery.

b. Cash Flow Analysis

Mr. Kljun stated the Cash Flow analysis has been updated with a 10% increase in dues. With the 10% increase Canton's assessment is \$96,170, Fairway Pines is \$106,489, Fairways is \$91,175 and Pheasant View is \$59,254. Mr. Kljun stated the contract that was signed with Geronimo had an escalation clause based on gasoline prices and PRRMA is now at their maximum of 10% above. There was an increase for Canton Township to reflect that cost.

Mr. Kljun stated the cost for general expenses and maintenance remains the same as 2012.

Mr. Kljun stated with the 10% increase Canton's maintenance and general expenses is \$10,883, Fairway Pines is \$17,515, Fairways is \$14,996.39 and Pheasant View is \$9,746. The cost per homeowner for Fairway Pines is \$344.62, Fairways is \$346.67 and Pheasant View is \$365.77. Mr. Waldbauer stated the word "Reserve" means "repair" in the budget.

Mrs. Krimmer inquired about the letter to homeowners advising them of the increase in dues. Mrs. Bilbrey-Honsowetz stated the cost to mail a total of 734 letters to homeowners is as follows:

\$337.64	Postage
\$115.39	Stationary
<u>\$443.00</u>	Labor
\$896.03	Total Cost

According to covenants and restrictions these letters would have to be mailed first class. This was proposed by Mr. Visos to mail an informational letter to each homeowner from the PRRMA Board. Mr. Visos stated the homeowners associations are not responsible for the roads so he does not believe they are responsible for describing what is needed for an increase. Mr. Visos stated his Board has been short funds for the last two years because they have not understood the correct number. He stated the information is not understood well enough for them to pass on to their homeowners. Mr. Visos stated PRRMA should step up and explain why another \$30,000 is needed.

Mr. Waldbauer stated his comment about first class mail is prompted by the by-laws to send out an invoice requesting annual assessment by first class mail. If this mailing is just informative, it could be mailed bulk mail. Mr. Visos stated newsletters by his HOA are placed in the newspaper mailbox by hand. Mrs. Bilbrey-Honsowetz stated there is the PRRMA website, which is a tool to advise the residents of information. Mr. Visos stated he would like to table this discussion. Mr. Visos inquired if the PRRMA Board votes on an increase and then the Board members return to their HOA Board and tell them what they will do. Mrs. Krimmer stated she advises her HOA Board what has been discussed with PRRMA and her HOA Board agreed with PRRMA's decision. Mrs. Krimmer stated her HOA Board wants their subdivision roads maintained. She

stated her HOA Board members were all at the presentation given by PRRMA in January to gain information.

Mr. Kljun stated Mr. Stephens prepared a long term plan some years ago that is the basis for the 10% increase. He stated Mr. Stephens shared his simulation with all of the PRRMA Board members indicating a 10% increase and with knowledge of the roadway expenses someday the increases would cease. Then would begin "the pay as you go" system. Spalding DeDecker has indicted PRRMA needs approximately \$300,000 to maintain the roads. Mr. Kljun stated a representative of Fairway Pines suggested an emergency fund in the reserve of \$50,000.

Mr. Visos inquired how much will be spent on the road repairs this year. Mr. Serchak stated the budget was set at \$180,000 for road repair this year.

c. 2012/2013 Budget

Mr. Kljun stated the cash flow shows \$66,000 will be PRRMA's low point in October 2014 in the reserve. He stated the same condition shows with a 10% increase in July there will be \$104,000 in reserve in 2014. Presuming we are spending \$247,000 consisting of engineering, roadway work and inspections. Mr. Waldbauer stated this is less than designated in the model. Mr. Kljun stated the actual construction is \$140,000. The model projects \$320,000. Mr. Serchak stated Spalding DeDecker projected \$180,000. Mr. Waldbauer stated the model shows we break even in 2014. Mr. Serchak stated we are also trying to maintain a fund balance, plus \$200,000 of road repair. Mr. Serchak stated PRRMA needs to get Mornington Court repaired and be done with it. Mrs. Krimmer stated she would like to do alternate 1B. Mr. Serchak stated we can do the base bid and 1B and he believes according to the sidewalk assessments we will not spend \$15,000 this year. He projects maybe \$5,000 on sidewalk repairs in 2013. Mr. Serchak and Mrs. Bilbrey-Honsowetz agree we need to repair Mornington Court this year.

Mr. Visos inquired what is the engineering cost. Mr. Kljun stated the engineering cost was estimated at \$15,000. He stated that is pretty close to what PRRMA spent last year. Mr. Serchak stated the engineering cost has already been paid. Mr. Kljun stated the \$7,500 and \$5,775 was paid and is the engineering costs. Mr. Kljun stated the \$198,000 and \$22,000 is the projected cost for roadway repairs. The \$14,375 was for inspections. Mr. Visos stated if the cost for road repair is \$190,000 that leaves \$130,000 for everything else. Mr. Visos stated PRRMA will collect \$320,000 without the 10% or \$353,000 with the 10%. Mr. Kljun stated the budget reflects the elements that are included in the remainder after the \$190,000 is removed for road repairs. The general expenses are \$29,900, maintenance expenses are \$23,000, and Canton's expenses are \$30,000. Mr. Kljun stated PRRMA has spent so far this calendar year from January through June, \$11,000, \$12,000, \$12,000, and \$7,500 on the elements of administration, Canton expenses and miscellaneous expenses. Mr. Visos stated the balance is going into the reserve. Mr. Kljun stated there is a portion going into the reserve.

Mr. Kljun stated if PRRMA did not increase dues 10% this year, the reserve would be \$60,800 in October of 2013. Mr. Visos stated the impact would be to the reserve. Mr. Visos suggested not imposing the increase and saving the money and do all the roads at one time. Mr. Kljun stated what Mr. Visos is suggesting is

pay as you go. Mr. Waldbauer stated the 0% increase was in the 1990's. Mr. Serchak stated the by-laws do not allow PRRMA to go back and ask for a special assessment.

Mr. Kljun stated he requested the subdivisions to assess their signage for replacements. PRRMA has deferred maintenance on signage. The only time a sign is repaired is if it is damaged. If signage repair is placed in the budget at \$1,500 per sign it will use up a portion of the \$60,000 reserve quickly.

Mr. Waldbauer stated in the Articles of Incorporation for PRRMA it was drafted in a way that the reserve be set aside and handled the way the Township would handle a Fund Balance and investments have to match the way the Township would invest if the Township were investing money. Mr. Waldbauer stated he does not know if the money in the reserve can be drawn from the reserve to pay regular expenses, he believes it has to be for roadway repairs only. Mr. Serchak stated since PRRMA is deferring some roadway repairs, caution tells PRRMA to possibly build up the reserve for future failures.

Mr. Visos stated the price is very good on the quote for asphalt. Mr. Visos stated we could replace all the roads at one time in one year with \$1.9 million which is what PRRMA would collect in 10 years. Mr. Serchak stated by the 9th year the roads would be beating up vehicles. Mr. Serchak stated hypothetically we could stop all work and let the roads fail. He feels the roads will fail rapidly and he doesn't see PRRMA willfully doing that. Mr. Kljun stated PRRMA has been repairing roads for the last four years. He stated if PRRMA had not been repairing, the roads would be in much worse shape. Mr. Visos stated PRRMA could hold off road repairs for one year.

Mr. Visos stated he has not discussed with his Board the 10% increase and is not prepared to vote on this budget tonight. Mr. Visos stated he has 17 homeowners who have not paid this year, making their budget \$8,000 short. Mr. Visos stated Fairway Pines spent \$23,000 on sidewalk repairs on Cherry Hill and \$16,000 in water cost. Mr. Kljun stated the previous Boards for Fairway Pines did not prepare a reserve or increase funding.

Motion by Serchak, supported by Krimmer to accept the budget as presented with 10% increase. Roll Call Vote: Ayes: Serchak, Waldbauer, Krimmer, Bilbrey-Honsowetz Nays: Visos Motion carried 4-1.

III. Unfinished Business

a. 2013 Road Repair Project

Mr. Serchak stated he will contact Nagle to enter into the contract for the base bid, with alternate 1B and sidewalks for approximately \$190,000. Mrs. Bilbrey-Honsowetz state Fairways and Pheasant View had sidewalk work and nothing from Fairway Pines.

Mr. Serchak stated he spoke with Rob at Nagle and they would like to get PRRMA completed in August, possibly September. Much of the work is on Summit Parkway and the project on Mornington Court.

Motion by Krimmer, supported by Waldbauer to accept the contract with Nagle for the base bid with alternate 1B and sidewalk repairs. Roll Call Vote: Ayes: Serchak, Waldbauer, Bilbrey-Honsowetz, Krimmer Nays: Visos. Motion carried 4-1.

Mr. Serchak stated he will set up a pre-construction meeting. Mr. Waldbauer and Mr. Kljun stated they would like to attend.

- b. Landscaping
No discussion.

IV. Other Business:

- a. Next Meeting Date
The next PRRMA meeting is scheduled for August 19, 2013 at 5:30 p.m.
- b. Digital Recorder Purchase
Mr. Kljun stated he did an analysis on a digital recorder to replace the microcassette transcriber for meeting minutes.

Mr. Kljun stated Philips Voice Tracer Digital Recorder with a 360 degree microphone is \$157.00 with 44 hours of recording time. Meetings can be downloaded on a flash drive as well as on the computer. The microcassettes are costly and they are becoming obsolete.

Mr. Serchak stated he will bring his digital recorder in to try.

Mrs. Krimmer inquired on the light at the entrance of Cherry Hill and Country Club. Mr. Kljun stated the authorization has been given for this repair.

Mr. Kljun stated the electrician that PRRMA has been working with has not invoiced PRRMA for a short circuit underground cable in Fairway Pines. Mr. Kljun has requested the electrician to invoice PRRMA and it should be several thousands of dollars.

VI. Adjournment

Motion by Serchak supported by Waldbauer to adjourn at 7:15 p.m. Motion carried unanimously.