

PEHA 2010 Annual Meeting Minutes
January 11, 2010

Bob Anderson, President: Greeting and Board member introductions.

Donna Owens City Council Representative:

The City budget is very tight.

There is a possibility for a Hy-Vee store in Valley View Shopping Center.

Beginning next year the County government is expected to close the landfill to yard waste. Roeland Park picks up yard waste but the City of Overland Park is not planning on providing this service. Town & Country is gearing up to provide this service.

Bob Anderson: Asked for approval of the 2009 annual meeting minutes. Approved

Old-Business: Mark Hunter and Kevin Ingley are working on a revision to the PEHA bylaws, these changes should be completed by our next meeting. One change being contemplated in the bylaws is to move the annual meeting and budget approval procedure to late fall. This should help PEHA better manage our cash flow.

Financial Reports

Jeff Shron, Treasurer: Went over the balance sheet.

Trash savings in 2009 of approximately \$9,000 due to Deffenbaugh's 2009 rate increase not going into effect until April.

Water savings of approximately \$3,500 due to the wet summer in 2009.

The Board recommends carrying over into 2010 approximately \$3,900 unspent from the 2009 special assessment for sprinkler repairs and the Antioch berm projects that were not completed in 2009.

Proposed 2010 budget:

Jeff pointed out that the PEHA Board voted to move the lake expenses from the operating budget to the lake fund. This item created a lot of discussion at the annual meeting.

Kevin Ingley: questioned why the historical practice of paying for the lake expenses from the operating fund is being talked about.

Jeff Shron: so that PEHA could track the lake expenses.

Joe Gibson stated the tree and grass expenses for the adjoining greenbelt are the Association's responsibility and should not be included.

Jeff

Shorn: replied that the expenses moving to the lake fund include fence repair, lake chemical treatments, aerator maintenance and aerator electric costs.

Kevin Ingley pointed out that after these expenses (chemicals, aerators etc.) are deducted from the lake lot owners yearly assessment of \$6,400 PEHA may only have approximately \$1,400 left to put into the lake escrow fund to cover major lake dredging and dam repairs and that it would take 20 years to build up a large enough fund to cover a

lake dredging. Kevin asked that the Board revisit this issue in terms of the precedent it is setting.

resident: stated he thought the \$6,400 lake lot assessment was going directly into the lake escrow fund and he was surprised to learn the chemical treatment expenses were coming out of the lake escrow fund.

Jeff Shron responded that until the 2010 budget these lake expenses have been paid from the operating fund and that is what we are trying to decide tonight.

Bruce McCune: Consider breaking out all the income from the lake lot owners and the costs to determine if what the lake lots are being charged is sufficient to cover the lake expenses.

Larry Borcharding: to repeat what Jeff said, the shift in which fund to pay for the expenses is to enable the Board to get a handle on the lake costs.

Joe Gibson: When Joe was on the Board it was decided that the \$6,400 lake lot assessment was to go into the escrow account and only be used for dredging and lake repairs.

Mark Hunter: the bylaws talk about maintenance to the lake and surrounding greenbelt and the funds are to come out of the lake escrow fund.

Joe Gibson: PEHA entered into an agreement with the City that the \$6,400 lake lot assessments were to go into an escrow account and the trees and grass expenses are to come out of the general fund

Jeff Shron: the tree and grass expenses were still going to be paid out of the general fund.

resident: stated that around 10 years ago when the bylaws were changed and PEHA voted to bring in extra money from the lake lot assessments the aerators and chemical costs were not that big of an expense. The extra money was for dredging every 7 to 10 years. He said that they tried chemicals and fish and all sorts of things to get rid of the alga.

Jeff Shron: there has always been a lake lot assessment to pay for the lake maintenance and he was not sure what the bylaws revision covered as he did not live here at that time.

Kevin Ingley: assuming the budget is approved as written and the lake escrow grows \$1,500 per year and we will probably need to dredge in 3 to 5 years again at a cost of \$35,000. There won't be enough money in the escrow account to cover that cost. What will the board do at that time?

Jeff Shron: stated the lake fund currently had a balance of approximately \$25,700 and that should be enough to cover the next lake dredging.

Mark Hunter: stated the 1994 agreement on the lake was made when the general dues were \$210 and the lake lot assessment was \$300. The yearly lake lot assessment was capped at the same percentage increase as the general dues increase. He noted that since

that time the general dues have increased substantially more than the lake lot assessment and per the bylaws the lake expenses are not meant to be covered by the general membership.

Joe Gibson: provided an estimate of less than \$5,000 to dredge the 1st pool of the lake area the next time it needs it in 3 years. Joe noted the contractor now has sealed trucks to haul off the muck and there won't be a need to spread it out on PEHA property again. He noted PEHA spent an estimated \$9,000 dollars last time the lake was dredged for repair of the lake overflow standpipe and was concerned that the lake retaining walls and concrete inlet and outlet area repairs could be a big expense. Joe said that a 10 year period for a total lake dredging (all three pools) is probably correct. Joe warned of future repairs on the dam (we have repaired it twice already). There are lots of potential expenses.

Mark Hunter: stated that paying for the lake expenses out of the lake fund was in accordance with the current bylaws on the web site.

resident: stated that the increase in the general dues to pay for the trash pickup should not be included when trying to determine the corresponding lake lot assessment percentage dues increase.

Mark Hunter: yes, in response to the residents statement above but noted that the increase may still be significant.

resident: asked the question if the lake lot assessment was increased to cover the trash?

Jeff Shron: replied that all homes were assessed for trash pickup in the regular dues and that the regular dues discounting the trash were approximately \$290.

Mark Hunter: stated the Board is struggling with what to do with the lake expenses. The issue was raised last summer when a resident called to ask why the lake trees have not been trimmed in 12 years. The Board authorized a tree removal and bush trimming project for the south end of the lake and the Board talked about which fund the \$3,000 to \$4,000 cost for this work should come from, the operating or lake fund.

Joe Gibson: asked how did PEHA pay for the tree projects along Hemlock?

Mark Hunter: in response, from the budgeted tree money.

Kevin Ingley: commented that many people have taken issue with this change this evening, is the Board going to ask for approval of the budget as proposed? There are other mechanisms for the Board to use besides the budget to determine the lake expenses. Kevin noted that historically the general fund was used to pay the lake expenses.

Bob Anderson: Yes in response to Kevin's question regarding voting on the proposed budget. Bob asked if anyone was interested in seeing what the lake expenses are.

Jeff Shron: replied that the precedent for paying lake expenses from the lake fund is no different than the 2009 budgeted unspent fence repair money which was budgeted to be paid out of the lake fund.

Bruce McCune: asked if we considered treating the lake lot owners as a business to cover all the lake expenses. Put the 20 lake lot owners general dues in the lake fund column and pay out all expenses including trees, grass and irrigation using a divisional cost accounting method.

Jeff Shron replied the question is whether the lake lot owners need to come up with more money or the lake expenses come out of the operating fund. The general dues from all homeowners pay for all of the commons grounds maintenance expenses.

Mark Hunter: replied to Kevin Ingley that lake expenses that were being paid of the operating fund was a fiction. Fence repair, aerator costs and lake chemicals really are direct lake expenses. Tree trimming and irrigation costs for the adjoining greenbelt are still being paid out of the general operating fund but it is a question the Board has if these expenses should continue to be paid out of the operating fund to be consistent with the bylaws.

Jeff Shron: questioned if we were ready to take a vote on moving the expenses to the lake fund?

resident : former Board member for 6 years and served when the bylaws were revised 15 years ago stated the Board set the special lake lot assessment specific to the lake not including trees and grass. Since that time there has been some unanticipated expenses, aerators, chemical treatments as examples, which started out as only a couple of hundred dollars. The intent of the special assessment was to cover the dredging every 5-10 years and major expenses.

Bob Anderson: Thanked the resident for providing the past Board's perspective, and asked if the members were ready to take a vote?

resident: What are we voting on?

Jeff Shron replied that we are voting on approving the proposed 2010 budget. This includes moving the lake expenses: chemicals, aerator maintenance, aerator electric costs and fence repair costs from the operating fund to the lake fund. Should the lake costs come out of the lake fund.

Joe Gibson asked rhetorically if we were going to move the lake expenses to the lake fund why not allocate the island expenses in the cul de sacs to the homeowners in those neighborhoods?

Mark Hunter: replied that it was not in the cul-de-sac home owners deed restrictions to pay those costs

Joe Gibson: Lawyers determined the Association owned the lake and surrounding greenbelt long ago, the lake lot owners offered to tear down the fence if they did not have to pay the yearly lake lot assessment but the Board at that time turned the offer down. The fence has nothing to do with the lake.

Jeff Shron: replied that the fence was needed because of the lake.

Stacey Garriety: stated that the people along her street, at the northern end of the subdivision, receive no benefits for the dues that they pay.

resident: This is a major decision. The lake fund is to pay for major expenditures. If we are spending more than what we are taking in maybe we need a special presentation, and this change was not placed on an agenda for the annual meeting.

resident: stated nobody shows up to these meetings.

Kevin Ingley made a motion to vote on the proposed 2010 budget which was seconded. Kevin also asked that the expenses that are to be moved to the lake fund be listed for future reference to clarify what is being changed.

The vote was 12 votes for and 8 votes opposed. The budget was approved.

David White City Council representative provided a short talk on what was going on in the City.

Grounds:

Mark Hunter:

The packet provided tonight provides an outline of the work done in 2009, before and after pictures of the small island plantings and the berm project and an outline of what we would like to do in 2010.

2/3rds of PEHA spending is grounds related.

The lawn and tree spending was \$8,000 underbudget with a carryover of \$4,000 into 2010 to complete the irrigation and berm projects.

Beautiful Outdoors, our mowing contractor in 2009, did a good job and is not raising there price for 2010. We have a verbal agreement with Beautiful for 2010.

Rosehill Gardens, our irrigation contractor, will not be asked back in 2010.

PEHA removed a few dead and dying trees and trimmed trees and bushes around the commons perimeter in 2009. Our main focus was trees and bushes in the sidewalks and line of sight at the traffic intersections. Hermes scale on the pinoak trees is a concern. For 2010 we would like to get as much grass off of the smaller islands and we plan to aerate the common turf areas for \$4,000.

Mark Shoemaker: The \$8,000 irrigation special assessment in 2009 was not all spent. We will continue with the irrigation projects in 2010, continuing the underground moisture sensor installation and North Hemlock Islands sprinkler head replacement. The Antioch berm project is about complete. The \$800 left in the budget will go to reseed or resod areas on the berm as needed.

Joe Gibson: It is an unalterable fact that if we deplete the lake escrow fund all homeowners will have to pay for any major repairs at the lake.

Stacey Gariety: stated that she thought the street tree trimming was sold to the membership as a five year plan and wondered why it was not continued in 2009.

Mark Shoemaker: replied that Board voted not to use the \$5,000 yearly assessment on resident's street trees and spend the money on the commons grounds tree removal and trimming. The total budget for the trees and common grounds maintenance is approximately \$10,000.

Restrictions

Larry Borcharding: stated PEHA had 7 roof applications and 1 notice to approve an elevator installation this year. Larry noted that there are 1 or 2 residents who are unaware of the roofing application procedure and asked those attending to help get the word out.

Larry Borcharding noted that he is continuing to monitor progress on the abandoned house on Hemlock. The owner was scheduled to have a meeting with the City but we have no information on the outcome of that meeting. PEHA has limited options, the owner is paying the taxes and PEHA dues.

Kevin Ingley noted one issue is that there is a business being run out of a resident's home on Hemlock according to the business's website.

Bob Anderson asked Kevin to provide the address to Larry after the meeting.

Joe Gibson: stated there are several homeowners running a business out of their homes.

resident: asked what is the process to follow up on business's in homes in PEHA?

Larry Borcharding: said he did not have an answer at the moment but will provide one. The difficulty becomes when a business is run out of a home using a computer and the internet, where do we draw the line?

resident: thought that a business with an inventory or commercial vehicle parking should not be allowed.

Bob Anderson reported that Brookridge Golf & Country Club stopped conducting business as of December 30th and that he is concerned about the maintenance of the golf course for 2010.

Hospitality

Dodie Powell: Dodie will be providing a housewarming gift and copies of the restrictions and bylaws to new residents. She asked for a list of all children interested in providing services to PEHA residents, baby sitting, lawn care, pet walking etc. The plan is to include the list in the next directory or as an addendum to the existing directory.

Bob Anderson noted that there are Board positions open for grounds, communications and maintenance of the web page

Questions:

1. Ann Abbott asked how many households were in arrears on their dues.

Jeff Shron: responded 5 or 6 repeats and 1 homeowner for the first time. Two homes are in foreclosure. One institution has settled with PEHA over the liens and has paid the back dues and PEHA is in contact with the bank on the second home.

2. Bruce McCune asked if trash pickup or lack thereof was any indication whether people were paying their dues.

Jeff Shron: responded that he is in contact with Deffenbaugh updating the list of people who have not paid but that Deffenbaugh may inadvertently miss or pickup someones trash they should not have.

3. Kevin Ingley asked about progress made by the Board to investigate 3rd party property management of PEHA Board functions since it was difficult to get residents to volunteer for the Board.

Bob Anderson: stated that it was his understanding that a 3rd party's fee would be 10% of the budget and that we would rather spend that money on PEHA improvements.

Kevin Ingley: commented that the communications position remains open and that there was a surprise factor at play at this meeting as it was his understanding that the Board would forward a proposal for a 3rd party management company to manage PEHA. How long do you all wait before we deal with the unpleasant reality if people do not step forward. Maybe we need to pay to get the gaps filled.

Bob Anderson: replied that the PEHA Board would still need to make the decisions and that a management company would do some of the paperwork

resident: commented that a 3rd party has no interest in PEHA other than collecting their fee.

Chuck Abbott commented that when this question was asked 12 years ago he thought fees ran 8-12%. It has always been a problem to get people to volunteer, possibly paid volunteers is an option. Chuck suggested the Board come up with creative ideas on how to get people to volunteer, possibly a dues reduction.

Gabriella Kusko asked Kevin Ingley what he meant regarding his communications question.

Kevin Ingley replied that it might be a good idea to pay someone to handle the communications to PEHA residents. Whether a management company does this or not there is a need for more information coming from the Board. Paying someone to do this may be a solution.

Carol Ingley: noted that the motion to explore a 3rd party management firm passed 20 to 15 votes at last years annual meeting and she was disapointed that the Board had not acted on this item.

4. Ray Saleski provided input on a tree trimming contractor, Country Side Tree Service. The tree trimmer, hired by his neighbor, dropped a limb on his garage roof. The owner Johnny Groves was not responsive and the company's insurance was worthless.

Ray also warned residents about leaving their cars and home doors unlocked as he has seen, while jogging, cars cruise the neighborhood early in the morning and the occupants would get out and check doors on parked cars and homes. Ray noted that this activity began shortly after the Antioch/I-435 interchange was opened.

Bob Anderson: asked for a motion to adjourn. The meeting adjourned at 9