

HERMITAGE HILLS SUBDIVISION

Board of Trustees (Lynn Daugherty, Tim Davis, John Linsenhardt, Dan McKean, Holly Tichy)

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September 24, 2012

Dear Hermitage Hills property owners,

After a year of hard work by the trustees and the with the participation of the residents, the final version of the new indentures are ready for your approval. The Board is asking for your 'YES' vote to pass these indentures. We will be having a general meeting at 7pm on Wednesday October 24th at Rockwood Summit High School to discuss and vote on the new indentures, the budgets, and other issues.

There's a lot of information in this envelope, so we wanted to explain what it is and what it means for the subdivision. Included are:

1. The new indentures you will be voting on (Item #1 on the ballot).
2. A list of the changes that were incorporated into the new indentures at the Spring Information meeting in April.
3. The proposed administrative budget and administrative assessment for 2013 (Item #2 on the ballot).
4. The proposed street maintenance budget and street assessment for 2013 (Item #3 on the ballot).
5. A page to explain the Neighborhood Improvement District study we'd like to do (Item #4 on the ballot).
6. A notice of the general meeting to be held at 7pm, October 24, 2012 at Rockwood Summit High School in Fenton.
7. **An absentee ballot** (with return envelope) you may use to vote with if you are unable to attend the meeting.

We would like to encourage everyone to participate in the vote and would like to give a brief overview of why the trustees feel each item needs to be approved.

1. The new indentures:

The old indentures were so antiquated they no longer serve the needs of the subdivision and were a hindrance rather than a help. The new indentures have a series of checks and balances the old one did not, including trustee elections, the recall of trustees elected, subdivision-wide budget approval votes, and a simplified process of making changes to the new indentures as they are needed.

The new indentures also have a unique two tier assessment process that includes both an administrative and street maintenance assessments. The administrative assessment will cover all property owners equally and will cover the administrative costs of the subdivision such as insurance, legal fees, and common ground maintenance. The street assessment will cover only those properties that benefit from the use of the streets maintained by the Hermitage Hills HOA and will pay for snow removal, and street repairs. This way, the property owners aren't charged for services they don't use.

The trustees feel these new indentures will be a great leap forward in improving our subdivision. It will make it much easier for the trustees to operate the business of the subdivision and at the same time puts in checks and balances to prevent the trustees from abusing their position.

2. The administrative budget and assessment:

When you examine the budget we've created, you see we are not being excessive on anything. Each item is explained with what it is for, what we spent on it last year, and how we set the budget for that item for 2013. Some items are higher, some are lower, but we did not include anything for improvements to the subdivision, just what we need to operate. If this \$50 assessment level fails to pass, it will cause our available funds to be cut in half. The consequences of that would probably include not making the annual payment on the NB West legal agreement, which could result in a court ordered garnishment of our funds as they did in 2011. The NB west agreement should be paid off in 2015 which may result in lower administrative assessments at that time.

3. The street budget and assessment:

The old indentures assessment rate did not provide any money for street repairs, so the trustees have been using the funds collected from the back assessments that were never billed out from '04-'09 to finance the repairs we've been able to do in 2011 and 2012. But now that the back assessments have been collected, there would be no more funds for street repairs with the old indentures. We've been paying for street repairs only after we're sure the snow plowing budget is covered. When we wrote the new indentures we set the minimum amount at what would cover snow removal only, just to make sure that the snow removal was funded. If this \$100 assessment level is not passed, there will be no funds for street repairs in 2013.

4. The Neighborhood Improvement District (NID) engineering study:

We know our roads need massive repairs, however since none of the trustees are civil engineers, or are highly experienced in dealing with construction contractors, we need help. That where the NID program comes in.

As you will see on the document that explains it, the NID would be a way for the subdivision to get all the street repaired at once, and at the same time correct the storm water runoff problems that are helping them to deteriorate. The county would handle the bidding process, setting up contracts and overseeing construction. The costs would be paid in property taxes to owners within the NID over a period of 15-20 years. If we do it ourselves, we could only hope to have it done that soon and probably get a much poorer result.

All we're asking on Item #4 is permission to use some of the funds from the budget in item #3 to have the preliminary engineering study done. This money would be refunded back to us if the NID is approved and paid for with the rest of the NID taxes.

We hope you approve of all the trustees efforts to get the subdivision back on its feet. We still have a lot of work to do and we need your help to get things started. Please vote and help us to help you in making our community better.

Thanks,

John, Lynn, Holly, Tim, and Dan

Your Hermitage Hills Subdivision Board of Trustees