

RECREATION CENTERS OF SUN CITY, INC.

MINUTES OF THE REGULAR BOARD MEETING

Thursday, August 27, 2009

PRESENT: Warren Hoffmann, **President**; Gene Westemeier, **Vice President**; Sue Painter, **Treasurer**; Diane Worth, **Secretary**; Jim Bishop, Tom Loegering and Denny Nichols, **Directors**

ABSENT: Craig Brown **Director**

ALSO PRESENT: Jan Ek, **General Manager**; John Snyder, **Director of Golf & Grounds**; Deanna Szentmiklosi, **Executive Assistant to GM**; Linda Menna, **Executive Assistant to AGM**; Tim Gallen, **Communications**; Sue Presta, **Golf Administrative Coordinator**; Helen Thiel, **Board Executive Coordinator**, 255 RCSC cardholders and three members of the press.

- **Board Quorum:** Secretary Worth verified that a Board Quorum was present.
- **Minutes:** The minutes of the June 25, 2009 Regular Board Meeting were approved as printed.
- **Management Reports:** The management reports were given by Jan Ek, General Manager and John Snyder, Director of Golf and Grounds. Jim Wellman's report was read by GM Ek. These reports can be viewed on www.sunaz.com

DIRECTORS REPORTS:

Long Range Planning: Director Loegering announced that the next meeting will be on Thursday, September 17, 2009 at 3:00 p.m.

Election: A plea for candidates to run for the Board was made by Treasurer Painter. She advised that the deadline for submitting a candidate packet was October 15th.

Sun City Foundation: Director Bishop reported the Directors are extremely busy interviewing the large number of applicants for financial aid. He advised the members that "you" support the Foundation with your donations.

Taxpayers Association: Secretary Worth introduced Marv Worthen of the SCTA who gave a summary of the benefits programs the association works with. SCTA hosted groups from Sun City, Sun City West, Sun City Grand and Surprise to coordinate areas of support.

SCHOA: Walt Patterson, President, Sun City Home Owners Association, was introduced by Secretary Worth. He reported on the different violations and resolutions handled by the association. He stressed that SCHOA is aggressively enforcing action against under-age

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violators as the association does not want Sun City to lose its senior overlay like Youngtown did. President Hoffmann urged members to support the SCHOA by becoming a member.

Bowling: President Hoffmann announced that the first meeting since May will be held on Thursday, September 3rd at 9:00 a.m. in the Board Room at Lakeview Center.

PRESIDENT'S REPORT: President Hoffmann welcomed the large group stating he would like to see this kind of attendance at every meeting not only when there is a concern. He stated that for the past 50 years the Board has followed a "pay-as-you-go" policy and never has had to impose a special assessment. He justified the proposed increase in the Capital Preservation/Improvement Fund says that it is time to start improving the golf courses, build a theater, and so forth. He stated that Sun City has a lot to offer and Realtors should be selling the community as well as the homes.

President Hoffmann announced that lawn bowling at Fairway is being eliminated because of parking and drainage requirements imposed by Maricopa County. He also explained that the renovation of the bunkers at Lakes West was done because the bid came in about \$200,000 lower than was quoted two years ago. He added that RCSC wants to provide all facilities in the best light.

MEMBER COMMENTS:

Steve Mazar, 14140: Questioned the Treasurer's report printed in the SunViews.

Noel Kasper, 65427: Presented a request for petition, records and language of the petition to Secretary Worth. He stated that the Articles of Incorporation need to be updated regarding the removal of a Director. He was advised he would receive a response by mail.

Roger Scharenbroich, 23343: Questioned the rate of delinquency stating that the other members are carrying those who do not pay. He was advised that a more aggressive collection process has been implemented and that the services of a collection agency are being used. GM Ek advised that when an account is 90 days past due a lien is placed.

George Clig, 97364: Was upset that replacement of lanes at the bowling alleys has not been put back in the budget. Replacement was taken off when the Sundial roof collapsed and asked when it would be included in the budget again. He was advised that management is working on it.

Marv Worthem, 127: Said he realizes that each Board (SCTA, SCHOA and RCSC) has to set its own priorities and goals and all the groups are now working together for the betterment of Sun City. Stated that SCTA has no official position on the increase in the PIF.

Bill Pearson, 22943: As publicity chairman for the 50th Anniversary Committee, he advised that the kick-off ceremony will be on December 9th at Sundial and urged the members to get involved. He stated that member support is vital since corporate sponsorship has fallen off. The Historical Society is playing a major role in the preparation of the celebration.

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Phyllis Roach, 58974: She served as the Vice President of the 40th Anniversary celebration and urged members to help the 50th Anniversary financially. Asked when B.P. #12A – Club Organization Committees – would be approved by the Board. The COC committee would like it approved by January 2010 so it could be handed out at the Club Officers meeting at the beginning of the year.

Sara Bakefelt, 21176: Said it was refreshing to hear about the “pay-as-you-go” policy but cautioned the Directors to slow down, step back until the economy is stable again.

Katherine Berry, 49431: Asked a number of questions regarding the funding of Sundial roof repairs from the general fund and the deferred maintenance that resulted. She said it was important that the money be repaid from the insurance settlement so that the deferred project could be completed.

Walter Rudolph, 42659: Advised that there have been dead bushes at Viewpoint Lake park for a long time. Asked if Viewpoint Lake was going to be restocked with fish.

Duane Pickering, 14187: Asked if the Board was going to wait until the bowling lanes collapse and are not profitable any longer before any work is done on them.

Jerry Cobb, 22446: Finds it astounding that RCSC was able to come up with \$17 - \$18 million for the Fairway project. He credited the Board with the foresight to implement the Capital Preservation fee to fund large projects.

Richard Sweeney, 68074: Has seen the rec. and the golf fees go up. Is upset over the remodeling at Bell Center. Claims that he attended two meetings and the majority of the members did not want Bell remodeled.

Catherine Barngrover, 68950: She stated that it is not fair that the needs of the bowlers have been put aside while other projects have been done.

MOTIONS: Because of the extraordinary interest in the Capital Preservation/Improvement fee motion, it was moved from #5 to #1 on a motion by Vice President Westemeier, seconded by Treasurer Painter.

MOTION #1: Capital Preservation/Improvement Fee - The Board unanimously approved increasing the Capital Preservation and Improvement Fee by \$500 from \$2,500 to \$3,000 effective October 1, 2009. The motion was made by Vice President Westemeier and seconded by Director Loegering.

Before the Directors voted, members were given an opportunity to voice their opinions.

Lynn Wilson, 51956; Norma Miller, 103168; Cherilyn Angell, 48255; Lorraine Cooper, 101732; Wilma Churchill, 46897; Jerry Reed, 55236; Walter Schmidt, 38753; Virgil Churchill, 46896; Tom Beckwith, 54886; Lois Hanna, 52273; Jim Fuller, 32764 and David Mussaf, 100130: All

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voiced their opposition to the implementation of a \$500 increase in the Capital Preservation Fee stating it would prove to be a hardship on the seller and the buyer. One member/realtor suggested that the PIF should be a percentage of the sale price; another stated this was the time to lower the fee by \$500 not raise it and another suggested holding the motion in abeyance considering the many compelling reasons brought forth by the members. A question was asked why something this important was not put to the vote of the members.

Dick Ohnstad, 86951; Sandra Halma, 29506; Norman Thielking, 39105, Bill Pearson, 22943: All support any decision made by the Board, stating that Sun City is a community that is getting old and needs attention. Mr. Ohnstad said he heard the same objection from realtors when he was on the Board in 1999 and the sale of home in Sun City did not go down because of the fee.

MOTION #2: Lawn Bowl upgrades – The Board unanimously approved a motion by Vice President Westemeier for the replacement of plinth boards and backboards at Mountain View, Oakmont, Lakeview West and Bell North bowling greens in the amount of \$60,074. \$40,000 of the total cost is being funded through a donation to the Sun City Foundation with the balance of \$20,074 to be paid from capital funds, as approved in the 2010 budget. This project is expected to provide board life expectancy of 50 years or more. The project will commence no later than May 1, 2010 and shall be completed no later than August 2010.

After the motion was seconded by Treasurer Painter, Vice President Westemeier was presented with a check for \$40,000 by Helen Teichman, a long time Sun City resident.

MOTION #3: Insurance renewal – On a motion by Director Loegering, the Board unanimously approved acceptance of coverages and premiums for insurance renewal commencing July 1, 2009 as summarized in a presentation from the Hays Companies. Director Loegering further moved that approval be granted for an increase in the Umbrella Policy from last year's coverage by \$5 million. The motion was seconded by Vice President Westemeier

MOTION #4: Bunker renovation: The Board approved renovation of bunkers at Lakes West Golf Course in the amount of \$294,100, as follows: contractor services - \$260,000; architectural services - \$8,000; cart path relocation #17 - \$12,100 and grow-in materials - \$6,000. The project costs shall be paid from proceeds of the insurance settlement and any excesses available from the budget at year-end. The motion was made by Director Bishop and seconded by Secretary Worth. Director Nichols abstained.

MOTION #5: Fairway Phase II project: Approval was given to commence Phase II of the Fairway construction project no later than July 1, 2010. Pre-construction work such as architectural plan revisions, obtaining permits, asbestos inspections and abatement, and other action may be required to allow demolition to start no later than July 2010. Director Nichols further moved that the proceeds from the Sundial insurance settlement be made available to Phase II – Fairway Project, as a loan to the Preservation and Improvement Fund (PIF). Since the Sundial project was paid solely from operating funds, the PIF will reimburse back into the operating fund, in a timely manner, all insurance proceeds used for Fairway. Seconded by Treasurer Painter, the motion was unanimously approved.

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Comments from members: *Catherine Barngrover, 68950*: Suggested waiting until money was in the pocket before starting Phase II. Continuing to borrow from Peter to pay Paul will catch up. Director Nichols advised that delaying the project could cost an additional \$2-3 million dollars and the Board is getting the project going at the most reasonable cost possible.

Katherine Berry, 49431: Asked why delay until July 1, 2010 to start Phase II. Answer: It will take about 6 months to move the clubs back into Fairway and get a permit to start Phase II.

Jerry Reed, 55236: Stated that the money to repair Sundial roof collapse came from his dues and the insurance settlement and should be put back into the operating fund.

Dick Ohnstad, 86951: Considers the timing on the Fairway project atrocious. Stated if agreement to finish the final phase has not been signed, it should be delayed. Believes that if the full contractual agreement was disclosed it would exceed the debt limitation. President Hoffmann disagreed with Mr. Ohnstad saying his statement was inaccurate. Director Nichols advised that the only contract signed was for Phase I.

OTHER COMMENTS:

Michael Brock, 22750: Complained that the Board never puts anything to the vote of the people. Stated he has been here 10 years and he has never seen anything come up for a vote as the Board decides everything.

Bill Pearson, 22943: Upset at the comments that the members do not get a chance to vote on anything, Mr. Pearson said, "Let me tell you something, every year we vote. We vote for these people up here who represent us. We rely on them to represent us, to make these decisions for us and they live or die by those decisions." He added that if the members were to vote on everything, then nothing would get done. He pointed out the problem, "We have 42,000 people in Sun City and we're lucky if 3,000 ever come out to vote." He told the complainers to take pride in their community and get involved in the process. "Don't just show up and throw bricks."

Meeting adjourned at 12:06 p.m.

The next Regular Board meeting is scheduled for Thursday, September 24, 2009 in the Sundial Auditorium following the Quarterly Membership Meeting at 9:00 a.m.

Submitted by:

Diane B. Worth

Diane B. Worth, Secretary
RCSC Board of Directors.