

RECREATION CENTERS OF SUN CITY, INC.
MINUTES REGULAR BOARD MEETING
June 30, 2016

At the Regular Monthly Board Meeting called to order by President Schroeder at 9:00am on June 30, 2016 at Sundial Auditorium, the following took place:

PRESENT: Dan Schroeder, President; Rich Hoffer, Vice President; Michael Kennedy, Treasurer; Carol Lawry, Secretary; and Directors; Ida Eisert, Ron Smith, Peter Lee, Jerry Walczak and Gary Cotten

ALSO PRESENT: Jan Ek, General Manager; Stephanie Haholy, Executive Assistant to GM; Linda Menna, Executive Assistant to AGM; Brian Duthu, Director of Golf; Joelyn Higgins, RCSC Communication & Marketing Coordinator Marcia Johnson, Corporate Executive Coordinator; Chris Herring, Director of Support & Services; Allen Kleinhans RCSC Audio/Video Technicians; 60 RCSC Cardholders and 1 member of the press

ABSENT: Jim Wellman, Assistant General Manager

Pledge of Allegiance: Everyone stood for the Pledge of Allegiance.

Board Quorum: Secretary Lawry verified that a Board Quorum was present.

President Comments: President Schroeder explained the process for a Regular Board Meeting and how the Board conducts business. He introduced the Directors and members of the Management team.

Minutes: On Motion by Director Smith and seconded by Treasurer Kennedy, the Minutes of the May 26, 2016 Regular Board Meeting were unanimously approved.

Treasurer's Report: Treasurer Kennedy presented the Treasurer's Report. On Motion by Director Lee and seconded by Vice President Hoffer, the Report was unanimously approved. The monthly Treasurer's Report is available at www.sunaz.com, along with the monthly financials.

Management Reports: Jan Ek, General Manager; and Brian Duthu, Director of Golf presented their Management Reports. Jim Wellman; Assistant General Manager was not in attendance and in his absence; his report was presented by his Executive Assistant; Linda Menna. All the management reports are available at www.sunaz.com.

Committee Reports: The Directors reported on Committees as follows:

Bowling Committee: Chair Carol Lawry reported that the Committee has not had a meeting since May and that there was nothing new to report. The next meeting is September 1, 2016 at 9:00am.

Club Organization (COC): Chair Dan Schroeder reported that Centers Operations Manager, Barry Masloff informed the Committee that the RCSC staff will be contacting individual clubs over the summer to coordinate the annual stripping and waxing of the club room floors. Member Services Coordinator, Myrna DeBruyne provided an update on administrative paperwork related to clubs. She also informed the Committee that a new Club Charter and a Club name change were both approved by the RCSC Board of Directors at the May 26, 2016 Board Meeting. She also informed the Committee that the changes made to Board Policy #12 were approved. The COC's reported on their respective clubs with discussions following. If you are interested in joining the COC Committee, you can contact our corporate office for information. The next meeting is September 14, 2016 at 1:00pm.

Elections: Chair Rich Hoffer reported that Candidate packets are available for pick up at the Lakeview Corporate office. The deadline for packet submissions is no later than noon on Friday, September 30, 2016. While the RCSC Board of Director elections may be months away, it is not too early to begin thinking about giving back to the community by becoming a candidate for upcoming Board vacancies. The next meeting is September 21, 2016 at 1:00pm.

Entertainment: Chair Ida Eisert reported that the Entertainment Committee did not meet in May. Our last meeting was April 26, 2016. The Committee will be reviewing the May, June, July and September entertainment groups at their September meeting. There will be a total of 5 groups to review. Johnny K & Kompany, Yesterday Once More – Oldie, Neil Diamond Tribute, The Cover-Ups and Faded Jeans. The entertainment line-up is already scheduled and booked for 2017. There will be a video presentation of the line up at the September meeting. Please join us we would like your input. The next meeting is September 27, 2016 at 1:30pm.

Finance & Budget: Chair Mike Kennedy reported that the Committee has not set a date for our next meeting but we will announce that when it has been scheduled.

Golf Advisory: Chair Jerry Walczak reported that the Committee has not had a meeting since May and there was nothing new to report. The next meeting is scheduled for September 15, 2016 at 8:30am.

Insurance Committee: Chair Gary Cotten stated that there was nothing to report since no meeting has been held since March and nothing is currently scheduled.

Lawn Bowling: Chair Gary Cotten reported that the Committee has not had a meeting since May and there was nothing new to report. The next meeting is scheduled for September 13, 2016 at 1:00pm.

Outreach & Communication: Chair Ron Smith stated that there was nothing to report since the Committee has not met since April and will not meet again until the fall. The next meeting is scheduled for September 13, 2016 at 9:30am.

Properties: Chair Peter Lee reported that the last group of inspections for this quarter was done the week of June 6th. The Committee will meet with management, on July 5, to review the

inspections and any reported problems. We are in need of more inspectors so if anyone is interested, you can see me or my Co-Chair, Ida Eisert, after the meeting; or, you can call the Board office at 623-561-4620 for more information.

AD Hoc Long Range Planning Committee: Chair Rich Hoffer reported that the selection Committee has begun interviews with those wishing to serve on the Long Range Planning Committee. To date we have interviewed 18 applicants. Applications are available in the Board Office or by email request to Boardoffice@suncityaz.org and need to be returned no later than Friday, July 29, 2016. Interviews will continue through the summer and we will hopefully be able to get approval of all the new Committee Members at the September Board meeting so the Committee can start its work in October.

Other reports:

Sun City Home Owners Association (SCHOA): Gary Cotten, liaison to SCHOA along with Mike Kennedy, reported that SCHOA is finished with the remodel of their offices. They had their first meeting in the new offices on June 28, 2016 as well as an open house.

SC Posse: Ron Smith, liaison to the Posse, reported that the Posse is doing well. The new recruits are in training and will be sent to patrol when they have completed the training.

Friends of the Library: Ida Eisert, liaison to Friends of the Library, reported that the Friends last meeting was May 12th. What can you do for the Friends? Donate your gently used hard cover and paperback books, DVD's, CD's, magazines, puzzles and audio books to the "Books Around the Corner Bookstore" located at the Bell Library or stop and shop at the Bookstore. You will be glad you did. The Friends web site is suncitylibraryfriends.org and the next meeting is scheduled for Thursday, September 8, 2016 at 9:30am in the Sun City Library. All are welcome.

NOTE: Unless otherwise stated above, all Committee meetings are held in the Lakeview Board Room (upper level) of Lakeview Center. Committee meeting dates can change so be sure to check the RCSC website at www.sunaz.com for the most up to date report on dates and times for meetings.

Member Comments: A Member shared his dislike for the placement of tables at the Bowling alley and the refund procedure for the Golf Pass, another Member spoke about the Sun City Foundation and the assistance available to those who have outlived their resources. A number of Members spoke about transparency and their desire for additional information on Motion #4 Sun City Properties Holdings.

Motions: The following Motions were presented:

#1 PIF and Long Range Plan: Treasurer Kennedy moved for approval of the updated Preservation & Improvement Fund – Long Range Plan & Budget as detailed below: Seconded by Director Lee, the Motion was unanimously approved.

Recreation Centers of Sun City, Inc.

Preservation & Improvement Fund

Long-Range Plan & Budget

| | <u>Project Description</u> | <u>Budgeted Project Cost</u> |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <u>2016:</u> | | |
| | Lakes East - irrigation system & perimeter turf reduction | \$1,960,438 |
| | Willowbrook - irrigation pump station & lake renovation | \$565,400 |
| | Skilled Trades & Willow Golf Maintenance Building | \$1,833,500 |
| <u>2017:</u> | | |
| | Willowcreek & Willowbrook irrigation system, pump stations both courses, reconstruction of irrigation lakes on both courses (less what's completed in 2016), and all 18 greens at Willowcreek | \$6,284,000 |
| | Willowbrook perimeter turf reduction | \$564,175 |
| | Willowcreek perimeter turf reduction | \$825,995 |
| | Replace South Pro Shop & add golf cart storage | \$1,600,000 |
| <u>2018:</u> | | |
| | Replace Golf Maintenance Building- location TBD | \$750,000 |
| <u>2019:</u> | | |
| | Exercise Option to Buy Out Solar System Lease | \$5,545,216 |
| | Replace Golf Maintenance Building- location TBD | \$750,000 |
| <u>2020:</u> | | |
| | Mountain View Center - complete renovation with demolition of current buildings except Player's storage | \$9,500,000 |
| | Replace Golf Maintenance Building- location TBD | \$750,000 |

2022:

Administration Building - replace warehouse \$5,000,000

2023:

Lakeview Center - renovation of current center structure \$8,400,000

2024:

Lakes East/West - expand snack shop, patio and golf cart storage \$1,200,000

#2 Bylaws Article VI Committees: Vice President Hoffer moved that the Corporate Bylaws, Article VI titled Committees, as amended, be approved in its entirety and replace previous Corporate Bylaws, Article VI titled the same. All other provisions of the Corporate Bylaws shall remain unchanged. Seconded by Secretary Lawry. Prior to the vote, Director Lee stated that this motion says that if you are a married couple you can't serve on the same Committee, I feel it is up to that Committee. The vote was taken and the Motion was approved with Director Lee and Director Eisert against it.

#3 BP10: Code of Conduct & RCSC Rules and Regulations: Director Cotten moved that the Board Policy Resolution No. 10 titled Code of Conduct & RCSC Rules and Regulations be approved in its entirety and replace previous version of Board Policy Resolution No. 10 titled the same. Seconded by Vice President Hoffer, the Motion was unanimously approved.

#4 Sun City Property Holdings, Inc.: Treasurer Kennedy moved that it is vitally important that each homeowner in Sun City AZ be held accountable for their obligation to pay RCSC for assessments and fees imposed per the Facilities Agreement, Corporate Bylaws and Board Policies. Therefore, any and all collection efforts, up to and including foreclosure, should be taken to assure such.

I FURTHER MOVE THAT as a nonprofit organization with significant assets, RCSC should not risk those assets by operating a business with potential liabilities. Although highly unlikely, should the result of foreclosure proceedings end in real estate ownership, such must occur outside of the RCSC for protection from any liabilities that could be associated with real estate ownership.

I FURTHER MOVE THAT a corporation (wholly owned by RCSC) named Sun City Property Holdings be formed for the remote need of obtaining real estate property through foreclosure proceedings due to the lack of payment of RCSC and legal fees and assessments despite other collection efforts. Seconded by Director Lee. Prior to the vote, Director Eisert stated; "I will explain my vote: Given the privileged, confidential information I have been given for review and have to date and the information that was publicly released by RCSC, I remain in opposition for the formation of the new for-profit company, Sun City Property Holdings, Inc." The vote was taken and was approved with Secretary Lawry abstained and Director Eisert against it.

#5 Sun City Foundation – New Director: Director Lee moved that Dan Schroeder and Rich Hoffer be approved to serve as Directors on the Sun City Foundation.

The Board's approval of the appointment of Committee members is required by Arizona Revised Statutes §10-3825, and as stated in the Corporate Bylaws. Seconded by Secretary Lawry, the Motion was unanimously approved.

Next Meetings: President Schroeder reported that the next Board/Member Exchange, with Agenda, is Monday, September 12, 2016 at ***6:00pm** in Social Hall #3 at Lakeview Center. The next Regular Board Meeting is Thursday, September 29, 2016 at 9:00am at Sundial Auditorium.

Adjournment: The meeting adjourned at 10:40am.

Respectfully submitted,

Carol Lawry, Secretary