

# RECREATION CENTERS OF SUN CITY, INC.

## MINUTES OF THE REGULAR BOARD MEETING

Thursday, January 31, 2008

**PRESENT:** Denny Nichols, **President**; Jon Braemer, **Vice President**; Bill Johnson, **Treasurer**; Warren Hoffman, **Secretary**; Craig Brown, Sue Painter, Don Schordje and Gene Westemeier, **Directors**.

**ALSO PRESENT:** Jan Ek, **General Manager**; Jim Wellman, **Assistant General Manager**; Marion Krell, **Director of Human Resources**; Chris Herring, **Director of IT**; Bill Collier, **Director of Finance**; Linda Menna, **Manager of Administration**; Lindsay Frost, **Communications Coordinator**; Helen Thiel, **Executive Coordinator**; 54 members and two members of the press.

President Nichols convened the meeting at 9:02 a.m.

**Board Quorum:** Secretary Hoffmann verified a Board Quorum was present.

**Approval of Minutes:** The minutes of the Regular Board Meeting of December 20, 2007 were approved as written.

**Employee of the Month:** Tony Waskiewicz, North Pro Shop was honored as the December Employee of the Month and presented with a Certificate of Appreciation, lapel pin and monetary gift by Jean Gilbert, Head Starter at North Golf Course.

### **MANAGEMENT REPORTS:**

**JAN EK, General Manager:** The management team welcomes the newest members of the Board of Directors and looks forward to working with you and all the Board of Directors for another successful year in 2008. If any member of the management team can be of assistance to you, please do not hesitate to let us know.

We would like to take this opportunity to invite you to the official opening of the Bell Multi-Use Building tomorrow at 11am. Also, mark this coming Wednesday, February 6<sup>th</sup> for the New Member Orientation at Sundial, which will be held both at 9 a.m. and 7 p.m. If you know of anyone who has moved to Sun City in the last year, please make sure that they are made aware of this event. However, you do not have to be new to Sun City to attend as there is always great information provided for all Sun City residents regardless of how long you have lived here.

### **JIM WELLMAN, Assistant General Manager:**

#### **Lakeview / Lakeview Lanes- (Glen Kok – Property Supervisor)**

- After some reorganization and painting the RCSC Human Resources department moved into the former communications space. In addition the RCSC Administration office is being painted

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and some offices are being carpeted. Contractors are Baker Carpet, Accel Electric and the RCSC Skilled Trades Department.

- A new surveillance monitoring system was installed in the Lakeview bowling facility. Using the new system the bowling desk attendant can remotely monitor the billiards area. The new system was designed and installed by the RCSC Audio/Video Technician.
- New thermostats and remote sensors have been installed at Lakeview Lanes. The new equipment will better regulate heating and cooling of the facility. Contractor was Custom Cooling.
- A new 7.5 ton HVAC unit and associated ducting is being replaced over MoJoe's café and the bowling area at Lakeview Lanes. Contractor is Custom Cooling.
- Currently a new counter and wall are being installed at MoJoe's Café in the Lakeview Lanes facility. The upgrades will add additional customer seating to the restaurant. The work is being completed by the RCSC Skilled Trades department and Baker flooring.

### **Oakmont / Fairway / North /Quail Run / South (Richard Hoffman – Property Supervisor)**

- Custom Cooling replaced the compressor on one HVAC unit over the Attorney General's office.
- The South Golf Course maintenance building was re-roofed. Contractor was Coldwater Roofing Company.
- Upgrades to the electrical panel and building wiring, at the South Golf Course maintenance building, are now completed. The electrical work was necessary to eliminate safety concerns. Contractor was Accel Electric.

### **Bell / Bell Lanes (John McCaigue – Property Supervisor)**

- The Bell Multi-Use building was completed and Certificate of Occupancy was approved on January 16, 2008. The building will be dedicated on Friday February 1<sup>st</sup> at 11:00 AM. Ken McIntyre was the General Contractor.

### **Mountain View / Sunbowl-Ballfield (Ron Hackmaster – Property Supervisor)**

- The solar panel system, used to pre-heat water for the swimming pool, lost the control unit during December 2007. The control unit has been replaced under warranty and the system is now back in service.

### **Marinette / Willow Brook-Creek (Jerry Baciocco – Property Supervisor)**

- Upgrades to the electrical panel and building wiring, at the WC/WB golf course maintenance building are now completed. The electrical work was necessary to eliminate safety concerns. Contractor was Accel Electric.

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### **Sundial / Lakes / Talisman / Riverview (Bob Biarnesen – Property Supervisor)**

- The repairing of the Sundial pool and club room building continues to move forward on schedule. Since my last report the framing of the exterior building walls has been completed and exterior sheeting applied in preparation for stucco. As for the roof itself, it is estimated that roof insulation and the application of the standing-seam metal will be completed over the next few weeks. The pool area sprinkler system has been installed, tested and approved by the Sun City Fire Department. The rough-in electrical and plumbing work is nearing completion but the new mechanical equipment is still being manufactured. The two swimming pools and pool decking await their respective repairs near the end of the project.

### **Skilled Trades Department - (Mel Mead – Project Manager)**

- The RCSC Skilled Trades Department completed 742 work orders during 2007

### **Other Information**

- Get Fit Sun City has been well received by RCSC cardholders. Get Fit is a free program to all RCSC Cardholders in good standing. Program materials, events and prizes are entirely paid for by contributions from various local businesses. At the time of this report over 1,700 cardholders are now enrolled in the program. Two more prize drawings are scheduled to be held with more than 40 prizes yet to be awarded. Both drawings will be held at the Sundial Center as follows: Wednesday February 6, 2008, at the New Member Orientation and Saturday March 8, 2008, at the Spring Fling Festival.
- The next Listening Post meeting will be held Tuesday, February 12, 2008 at 2:00 PM at the Bell Center courtyard.

### **RANDY JOHNSON, Bowling Manager:**

- Income for the bowling department for the calendar year 2007 was \$656,000 which is a negative variance of \$64,000 when compared to budget. The \$656,000 income for the year had a negative variance of only \$6,000 when compared to 2006 actual.
- The bowling department ended the year 2007 with a net operating income of \$65,000 (before depreciation) which was a \$1,000 negative variance compared to budget and a \$38,000 positive variance when compared to 2006. The unbudgeted Arizona State Senior Tournament produced \$8,000 income, which was unexpected and helped offset some of the deficits in other areas.
- The Phoenix Metro USBC Tournament was held at Lakeview Lanes on January 5<sup>th</sup> and 6<sup>th</sup> and produced more entries than last year. One 300 game was bowled during the tournament. The bowling staff received numerous compliments on the cleanliness of the center and the friendly staff.
- New air conditioning thermostats were recently installed at Lakeview Lanes which should result in energy savings. The sensors were defective, giving inaccurate readings, which caused the air conditioning units to be ineffective.

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### **MARION KRELL, Director of Human Resources:**

#### **Labor Law Compliance Audit**

Recently RCSC conducted an audit of all worksites for compliance with Federal and State Labor Law posting requirements. There are six federal and nine state labor laws that must be posted in each RCSC worksite in an area where employees gather. The newest addition is a result of the Legal Arizona Workers Act requiring the posting of the U.S. Dept. of Justice, Civil Rights Act in both English and Spanish. All 26 RCSC worksites are in compliance with posting requirements.

#### **Legal Arizona Workers Act**

RCSC has implemented the requirements of the state's Legal Arizona Workers Act. HR has received training and is utilizing the E-Verify program for individuals hired January 1, 2008 and thereafter. The Act requires the employer to initiate verification procedures within 3 business days after each employee has been hired and to complete as many steps of the process necessary for verification.

#### **OSHA Form 300A**

The Occupational Safety and Health Act requires that work establishments post in all work locations a summary of work-related injuries and illnesses from February 1 to April 30 each year. The summary is to contain information from the previous year and must be posted where all employees, former employees and their representatives may view the information. We have completed and distributed the 2007 summary for posting.

The summary also contains employment information regarding the annual average number of employees and the total hours worked by all employees in the previous year. RCSC had an average of 389.7 employees for a total of 590,000 hours worked. The summary can be viewed at Lakeview Center on the bulletin board outside of the Human Resources office.

#### **Staffing**

We currently have 337 employees on staff. In 2008, 10 employees have been hired and seven employees have terminated employment.

#### **H.R. on the Move**

The Human Resources department recently relocated. We are to the west of our previous location in the Administration Office at Lakeview Center. Our new offices have more space and privacy. We invite you to stop in for a private tour.

#### **FMLA Expanded**

On Monday, January 28, the President of the U.S. signed into law the first expansion of the Family and Medical Leave Act since its enactment in 1993. It adds two new qualifying events to include 26 weeks of unpaid leave for an employee who is a caregiver for an injured service member as well as 12 weeks of unpaid leave for an employee who has a family member called into active service. The definition of family member is a spouse, son, daughter or parent.

The caregiver provision was effective January 28, the day of signing. The call to active duty will not be effective until final regulations are defined by the Department of Labor. Employers, however, are expected, in the interim, to comply with both types of leave requests. We have taken steps to notify all

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employees of the expansion and RCSC's immediate compliance. When final regulations are released, our FMLA policy and procedures will be revised and distributed.

### **BILL COLLIER, Director of Finance:**

On the December 31st Balance Sheet the cash and investments balance compared to last year is lower due to the construction costs for Sundial. Cash in the Preservation/Improvement fund is up \$1.9 million from the prior year-to-date. Work in Progress is higher than last year due to the number and size of the projects currently under way. Accounts payable remain at a higher than normal level due to the posting of expenses incurred for the Sundial project and other work in progress. Deferred income reflects an increase from last year due to the increase in the golf permits pricing.

The Statement of Income and Expenses for December 31, 2007 shows the total operating income at \$16,678 million for the year, which is \$492,000 below year-to-date budget. Total operating expenses of \$14,443 for the year are \$901,000 below the year-to-date budget mainly because of labor savings due to reduction in staff levels and other cost savings in operations. As of year end, salaries and wages are \$596,000 below the year-to-date budget, repairs and maintenance year-to-date are \$27,000 above budget and general operating expenses are \$13,000 below the year-to-date budget. Having a reduction in operating expenses greater than the reduction in income generated, resulted in a Net Operating Excess \$409,000 better than budgeted year-to-date.

Capital Preservation Fees remained below budget year-to-date and are now \$713,000 below the year-to-date budget. But, due to the rate increase this year, the Capital Preservation fees are up \$287,000 from the prior year-to-date. Home resales in Sun City are at a much lower rate than in past years and have decreased again this month from the budget and the prior year.

During the month of December the accounting, cardholder services and clubs departments were reorganizing after being temporarily relocated to accommodate the installation of new flooring and a thorough cleaning and painting. The departments got settled in and finished almost all of the cleaning and reorganizing in December.

During December inventories were taken at multiple locations of the assets. This task will continue over the next few months.

The annual budget process was completed in December and final budgets were sent to the Managers and Supervisors to start the New Year.

### **CHRIS HERRING, Director of Information Technology:**

The focus for the IT Department has been to deploy the centers' check-in application within the RCSC centers. This application to check members in by scanning member cards has been installed at all monitor stations throughout the centers. Sue, from the IT Department, has been training all of the monitors at their desks to get them familiar with the application. Networking issues that have caused delays in the application have been addressed and improved application performance is evident after making networking changes. IT is working with centers staff on the usage tracking and reporting process that will replace the manual one that has been in place. Guest tracking will not be integrated

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into the system when the system goes live and check-in sheets will still be required until this is fully integrated into the system.

The cabling for the Sundial building is complete with only minor finish work needed when the building construction is more complete.

### **DIRECTORS REPORTS:**

*Properties:* Director Westemeier reported that all properties on the golf courses and centers were inspected and the inspectors met with management on January 29<sup>th</sup> to review the reports. Jim Wellman gave an excellent Power Point presentation on the Sundial and Fairway projects.

*SCHOA:* An excellent working cooperation exists between the RCSC and the Sun City Homeowners Association, Director Westemeier reported.

*Bid:* Two bids were approved since the last report, Director Schordje advised. North Golf Course irrigation project for \$22,950 and additional fitness equipment for Sundial Center at \$37,000. Out of 63 bidders for the Sundial roof repair, 28 sub-contractors were approved. Total cost of Sundial roof repair is estimated at \$4,927,499.

*Bowling:* The next meeting will be held on Thursday, February 7<sup>th</sup> at 9:00 a.m., Director Schordje advised.

*Election:* An opening was created on the Board by the resignation of a Director, Director Schordje reported. He asked persons who would like to donate time to the RCSC to submit their resumés. Deadline for submission is Friday, February 15<sup>th</sup>.

*Member Communication:* Director Painter reported that the next meeting will be on Thursday, February 14<sup>th</sup> at 3:00 p.m.

*Long Range Planning:* Treasurer Johnson announced that the Feb. 12<sup>th</sup> meeting was cancelled and will be rescheduled later in the month.

*Legal & Auditing:* The first meeting of the year will be held on Tuesday, February 12<sup>th</sup> at 9:00 a.m., Secretary Hoffmann reported.

*Insurance:* The committee will meet on Thursday, February 14<sup>th</sup> at 1:00 p.m., Director Brown advised.

*Golf Advisory:* Vice President Braemer reported that the committee is still looking for a volunteer secretary. He asked anyone interesting in assisting the committee to contact him. The next meeting is scheduled for Thursday, February 21<sup>st</sup> at 8:30 a.m.

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**President's Report:** President Nichols advised that the New Member Orientation will be held Wednesday, February 6<sup>th</sup> at Sundial. The Sheriff's Department will be among the many organizations represented. He pointed out the orientation is not limited to new members only as residents who have lived here several years can pick up new information.

Theft of copper wiring hit Sun City last week, President Nichols advised. It was taken from the pump at South Golf Course and replacement cost will run several thousand dollars.

### **MEMBER COMMENTS:**

*Helen Teichman, 28590:* Mrs. Teichman stated she has been privileged to use the RCSC facilities for more than 30 years. Eight years ago lawn bowling club members organized a tournament in her name and with the support of family and friends she said there have been eight years of enjoyment, bowling and camaraderie. In appreciation of the RCSC's continuing efforts to maintain and keep up the quality of the lawn bowling greens, she has contributed funds towards the upkeep of Oakmont by funding the concrete patio, metal sunshade and four concrete benches. She noted that she has also made contributions for numerous benches at Bell and Lakeview Centers. She realizes that individual clubs and RCSC cannot provide everything needed by the members, so she recently donated \$1,000 to Oakmont and Lakeview Lawn Bowling Clubs. She presented a check to Jim Wellman for the RCSC in appreciation for providing the members with excellent facilities and activities. Mrs. Teichman thanked Leo at Lakeview for the excellent job he has done in setting up and ensuring that the awards banquets ran smoothly. She also thanked Jim Wellman for his positive attitude and support.

*Jerry Swintek, 28590:* Asked when Sundial will be up and running. President Nichols stated that completion is still scheduled for August, 2008. However, he noted, that if construction moves faster than it could be sooner but materials and equipment delays always crop up. Mr. Swintek asked about the Fairway construction process and the cost. Jim Wellman advised that the final figures will not be available until the county issues a building permit and also the cost for phase 2 cannot be determined until phase 1 is wrapping up due to the ongoing increases in construction materials & labor..

### **MOTIONS:**

**Contribution to Sun City Foundation:** Director Schordje moved that approval be given to a one-time donation of \$1,700 to Sun City Foundation as a gesture of goodwill and also to help the Foundation offset the increasing cost of operation. Seconded by Treasurer Johnson, the motion received unanimous approval.

Meeting adjourned at 09:50 a.m.

The next meeting is scheduled for Thursday, February 28, 2008 in the Sundial Auditorium at 9:00 a.m..

Submitted by:

Warren Hoffmann, Secretary

RCSC Board of Directors.