

**RECREATION CENTERS OF SUN CITY, INC.
MINUTES REGULAR BOARD MEETING**

At the Regular Monthly Board Meeting called to order by President DeLano at 9:00am on April 26, 2018 at Sundial Auditorium the following took place:

PRESENT: Jerry DeLano, President; Dan Schroeder, Vice President; Sue Wilson, Treasurer; Dale Lehrer, Secretary; and Directors Dave Wieland, Jerry Walczak, Bruce Alleman, Stella Van Ness

ALSO PRESENT: Jan Ek, General Manager; Chris Herring, Assistant General Manager; Brian Duthu, Director of Golf; Joelyn Higgins, RCSC Communication & Marketing Coordinator; Marcia Johnson, Corporate Executive Coordinator; Allen Kleinhans and Mike Dvorak, RCSC Audio/Video Technicians; 48 RCSC Cardholders and 1 member(s) of the press

ABSENT: Director Ron Smith

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

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

President Comments: President DeLano 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 Vice President Schroeder and seconded by Treasurer Wilson, the Minutes of the March 29, 2018 Regular Board Meeting were unanimously approved with Director Smith absent.

Treasurer's Report: Treasurer Wilson presented the Treasurer's Report. On Motion by Director Alleman and seconded by Secretary Lehrer, the report was unanimously approved with Director Smith absent. The monthly Treasurer's Report is available at www.suncityaz.org, along with the monthly financials.

Management Reports: Jan Ek, General Manager; Chris Herring, Assistant General Manager and Brian Duthu, Director of Golf presented their management reports. All the management reports are available at www.suncityaz.org under the RCSC tab.

Committee Reports: The Directors reported on Committees as follows:

Bowling Committee: Co-Chair Sue Wilson stated that RCSC Director of Bowling, Randy Johnson noted that the 2017-2018 fall and winter league play is coming to an end. Summer leagues have been formed with the starting dates in May. The Sun City Open tournament is scheduled for April 28th thru May 6th with other tournaments planned through the month of October 2018 including the State Senior Tournament. The next meeting is May 3, 2018 at 9:00am.

Club Organization Committee (COC): Chair Dan Schroeder reported that the committee was informed that 2 Clubs have not turned in their 2018 Officers List, 97 clubs have submitted their Membership Rosters and 32 Clubs have returned their Inventory Sheets prior to the May deadline. The COC's reported on their respective clubs with discussion following. If you are interested in joining the COC Committee, you can contact our corporate office for information. The next meeting is May 9, 2018 at 10:00am.

Elections Committee: Chair Stella Van Ness reported that the Committee discussed the 2018 election survey and responses received, the purpose of the Election Committee as stated in RCSC Board Policy 27, articles in the Sunviews and questions for the Board Candidate Forums. We are in need of some additional Committee members so if anyone is interested in serving and being part of the election process, please see me or you can also call the Board office for more information at 623-561-4620. The next meeting is May 16, 2018 at 1:00pm.

Finance & Budget Committee: Chair Dave Wieland stated that there is nothing to report since the Committee has not met since last year. The Committee will hold its first meeting of the year in May which will be a review of the first quarter financials. Just a reminder -- monthly financials are always available at these monthly Board meetings (on the back table) as well as on the RCSC website and in the monthly SunViews. *We are also in need of club auditors. If anyone has background in conducting audits and would like more information, please contact the Board Office.* The next meeting is May 17, 2018 at 9:00am.

Golf Advisory Committee: Chair Jerry Walczak stated that Brian Duthu provided his monthly report for the golf division and each course representative reported on their respective courses. Brian also informed the committee that demolition of the South maintenance building has been delayed till June due to permit issues. Chris Linam stated that we still need more Rangers so if you are interested in volunteering please call us at 623-876-8419. Two items of concern were discussed with the Committee wanting to take the recommendations to the RCSC Board of Directors. The Octogenarian Tournament had 140 players this year and applications for the 2019 tournament are currently available. The next meeting is May 17, 2018 at 8:30am.

Insurance Committee: Chair Jerry DeLano stated that the Committee met with RCSC's account executives at Lockton Companies, our insurance broker, for an initial review of our upcoming renewal. The Insurance Committee agreed with Lockton's recommendations and will meet on April 27, 2018 to review the results.

Lawn Bowling Committee: Chair Bruce Alleman stated that Course Superintendent Dennis Delaney updated the Committee on current stimp and moisture readings. Director of Golf Brian Duthu informed the Committee of the status of the Bell project and upcoming work at Lakeview. A list of Bowling Green Rules from Fairway was handed out to the Committee with a request to review and note any changes for discussion at next month's meeting. The next meeting is May 8, 2018 at 1:00pm.

Long Range Planning Committee (LRP): Chair Bruce Alleman reported that discussion was had on existing and proposed Long Range Projects and possible goals for the committee Chair Alleman requested that each Committee Member compile a prioritized list of future projects to be discussed and then prepared for presentation to the RCSC Board of Directors. The next meeting is May 21, 2018 at 9:00am.

Outreach & Communication Committee: Chair Jerry Walczak stated that there was nothing new to report since the Committee did not meet this month. At the March meeting there were suggestions for changes to the RCSC Board Member Exchange Meetings with a request to each Committee member to bring ideas to the May meeting for discussion. The next meeting is May 8, 2018 at 9:00am.

Properties: Chair Dale Lehrer reported that all inspection reports were discussed with actions taken/ completed or being addressed currently. During April, May and June, the inspectors will once again inspect all their assigned properties in preparation for the 2nd quarterly meeting. A summary of reports was presented by myself which focused on repeat findings that were sorted by facility and supervisor. We are always looking for inspectors to volunteer, if you are interested you can contact the Board Office at 623-561-4620. The next meeting is June 26, 2018.

Sun City Foundation: President Stella Van Ness reported at our last meeting we had a guest speak about assessment payment, we discussed and reviewed Member files and shared two thank you notes that were received from cardholders who had her assessment paid. If you are interested in joining the SC Foundation, you can attend one of our meetings or call the corporate office for more information. The next meeting is May 10, 2018 at 1:00pm.

Other reports:

Sun City Fire Department: Bruce Alleman, liaison to the Sun City Fire Department reported that he attended the meeting on April 17, 2018 where they reported they had 8 fire responses, 1001 medical responses and 541 transports in March. The average response time was 5 minutes and 15 seconds with the time at the scene averaging 19 minutes and 58 seconds. The Board voted to issue a conditional purchase order for a new 70 foot ladder truck. Since the new truck was a demo unit, it will be purchased at a considerable savings and require inspection by department personnel prior to the approval of the purchase order. This truck will replace the current 22 year old truck. The new fire station on 111th Ave is progressing on schedule with walls currently up. The Human Resources Department is seeking a Fire Inspector and an EMS Tech. The next meeting is May 15, 2018 at 9:30am.

Sun City Home Owners Association (SCHOA) Roads & Safety: Dale Lehrer, liaison to SCHOA, reported that Maricopa Flood Control announced a complete closure of 107th Ave & Unions Hills from May 4 – May 20, 2018. The new Fire House is on schedule to open mid-July. Incidents in March equaled 1,068 with the majority being medical calls and the average response time being 5 minutes & 15 seconds with on the scene time at 19 minutes. The Posse announced the Shred-a-thon & Drug Take Back Event scheduled for April 28, 2018 from 10:00am – 2:00pm.

Sun City Home Owners Association (SCHOA): Stella Van Ness, liaison to SCHOA reported that their last meeting was held on Tuesday, April 24th. It was reported that the SCRAP program has completed approximately 70% of the walls in Sun City. The Shred A-Thon and drug take back program is scheduled for April 28th at the Sun City Posse office. The EPCOR Consolidation Case petition has been extended to Monday May 7, 2018 and an ad hoc committee has been approved to review the CC&R. Their next meeting is scheduled for Tuesday May 22, 2018 at 9 am at the SCHOA office.

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.suncityaz.org for the most up to date report on dates and times for meetings.

Member Comments: A number of Members discussed Reverse Mortgages and how they affect Sun City Residents. There was a question on the status of the Lawn Bowl project at the Bell Center, a member noted issues needing to be addressed at Lakeview Lanes and a few Members voiced their opinions on Motion #3 with regards to restricted donations being accepted by the Sun City Foundation.

Motions: The following Motions were presented:

#1– BP#12 – Section 29 Chartered Clubs – Club Finances: Vice President Schroeder moved that Section 29 titled Club Finances of Board Policy Resolution No. 12 titled Chartered Clubs be approved as amended and replace the previous Section 29 titled the same. All other provisions of Board Policy Resolution No. 12 shall remain unchanged. Seconded by Treasurer Wilson, President DeLano asked if there was any discussion on the Motion, Director Wieland stated that the current Motion under consideration will be a codified effort to limit the auditors to carry out their duties. The language is the result of suggestions from individuals who know nothing about auditing nor have ever conducted an audit. For the past four years, audits were conducted of clubs with the purpose to identify problems and assist them in correcting them. While there might have been some resistance to the suggestions, they were ultimately initiated or were rendered moot for other reasons. Admittedly at times the clubs rules and regulations were reviewed as it was germane for the audit. A recent audit involving club rules and regulations was conducted causing the club to complain and I would like to point out that they were not following established procedures. The result is this Motion limiting the auditor’s duties. One particular concern is the language in the Motion which states “If there is a deficiency, the clubs Executive Board has 30 days to correct it.” If not corrected the auditor submits the audit report and then what happens? The policy is silent on this point which can be interpreted as there is no form of enforcement by anyone. If there is a process responsible for enforcement if so, where is it, the Clubs office, the COC? Consequently, I request the Motion be tabled or defeated until its ambiguous nature can be revisited.

Secretary Lehrer had comments and stated; I planned on speaking about this Motion and wanted to state that in no way was this Motion meant to police clubs. We are here to support, encourage, educate and guide these clubs. The intent of this Motion was to curb the over reach of some individuals on this Board of Directors from overly aggressive audits. We tried to discuss this in our work sessions as a group and had a majority agreement on how to handle this and it did not work so we had to put something in writing. The article in the newspaper is unfortunate because I have had individuals approach me saying that as a club officer they were concerned they would be held financially responsible for their audit. That was not the intention and I think this issue has been blown way out of proportion, and that’s my opinion.

Director Van Ness also had comments and stated; at this time I feel it is necessary to voice my objection to this Motion. I have heard and reviewed the concerns expressed by several parties regarding this issue and I have to agree with what was said by several. This Motion has come about as a result of a club who was audited and found to have issues with their records which included the spending of clubs funds questionably as well as significant expenditures that could not be substantiated with receipts. Additionally they were found not to be following their own rules and regulations. They obviously were not happy to have been discovered and protested the fact based findings with verbal outrage. For this Board to change a Board Policy as a result of this type of behavior I feel is a disservice to the other 130+ clubs with thousands of members who have the right to request an audit without repercussions from a club they belong to and have invested their time and money into. The current auditing practices that have taken place have been done in a manner to assist the clubs in correcting any deficiencies discovered and to aid them in meeting the expectations of their membership, they have not been handled as a witch hunt or punishment for the officers or the members. To change Board Policies to this extent and hinder the availability of the members to gain knowledge of how their funds are being utilized I feel is inappropriate and harmful to the whole. We as a Board of Directors have made strides in being more transparent to our membership, I feel that the clubs owe that same level of respect to theirs. If as a Board we are going to continue to not make decisions based on 1 or 2 people verbally complaining as opposed to documented facts then we as a Board are not doing our due diligence. No further discussion ensued, vote was taken and the Motion passed with Director Walczak, Director Wieland and Director Van Ness against and Director Smith absent.

#2– BP#27 – Finance and Budget Committee: Treasurer Wilson moved that Section titled Finance & Budget Committee of Board Policy Resolution No. 27 titled Standing Committees be approved as amended and replace the previous Section titled the same. All other provisions of Board Policy Resolution No. 27 shall remain unchanged. Seconded by Vice President Schroeder, President DeLano asked if there was any discussion on the Motion and Director Wieland stated that over the years the Board has passed Motions for various reasons, to add a policy due to new circumstances such as the dog park, to clean up ambiguous or confusing language or adapt to changing times and how they affect the Members and residents of Sun City such as instituting the Preservation and Improvement Fee (PIF) to rehabilitate our aging structures or build new ones. For the most part the Board has responded quite well albeit a few speed bumps and pot holes along the way. Sometimes the Board prepares a Motion of questionable need and logic such as this Motion before the Board. While the Finance & Budget Committee is composed of dedicated volunteers who spend countless hours loading into the numbers presented by Management; this does not qualify them to interview prospective auditors. Admittedly a poll has not been taken to the best of my knowledge if any Member is familiar with what an audit entails or has personally conducted an audit. I would personally venture to say that none of the Members meet the criteria or if lucky maybe one or two. So putting the Motion in context, we have a Committee who is not the least bit familiar with auditing or interviewing people to be auditors so they can make recommendations to the Board. Wherein only two of nine Directors understand auditing and have any experience in their respective careers performing audits. How is this a good idea? Don't you

find this absurd? We are currently at a crossroads on this whole auditing issue as the Board President summarily dismissed the only Auditors we had for no apparent reason. Consequently I urge that this Motion be defeated. No further discussion ensued, vote was taken and the Motion passed with Director Wieland and Director Van Ness against and Director Smith absent.

#3– BP#20 – Sun City Foundation: Director Van Ness moved that Section 2.a.3 titled Accounting & Other Services #3 of Board Policy Resolution No. 20 titled Sun City Foundation be approved as amended and replace the previous Section 2.a.3 titled the same. All other provisions of Board Policy Resolution No. 20 shall remain unchanged. Seconded by Secretary Lehrer, President asked if there was any discussion on the motion, no discussion, vote was taken and the Motion failed with Treasurer Wilson, Vice President Schroeder and Secretary Lehrer against, Director Wieland abstained because of new tax laws, and he feels it would be too hard to cast a vote one way or the other, and Director Smith absent.

Next Meetings: President DeLano reported that the next Board/Member Exchange, with Agenda, is Monday, May 14, 2018 9:00am in Social Hall #3 at Lakeview Center. The next Regular Board Meeting is Thursday, May 31, 2018 at 9:00am in the Sundial Auditorium.

Adjournment: The meeting adjourned at 10:15am.

Respectfully submitted,

Dale Lehrer, Secretary