

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

December 15, 2022

At the Board meeting called to order by President Lehrer at 9:00am on December 15, 2022 at Sundial Auditorium the following took place:

PRESENT: Dale Lehrer, President; Darla Akins, Treasurer; Allan Lenefsky, Secretary, Directors Karen McAdam, John Nowakowski, Kat Fimmel, Steve Collins; Sue Wilson and Parliamentarian Rae Chornenky

ALSO PRESENT: Bill Cook, General Manager; Kevin McCurdy, Director of Finance; Chris Herring, Director of Operations; Brian Duthu, Director of Golf and Grounds; Michael Wiprud, Director of Buildings & Infrastructure; Joelyn Higgins, Communication & RCSC Marketing Coordinator; Polly Corsino, SCVC & Marketing Manager; Marcia Johnson, Corporate Executive Coordinator; Theresa Cirino, Director of Events & Entertainment; Allen Kleinhans & Carla Young Audio/Video Engineers; 102 RCSC Cardholders and 1 member(s) of the press

ABSENT: Vice President Mike Ege

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

President Comments: President Lehrer explained the process for a Board meeting and how the Board conducts business. she introduced the Board and staff members present.

Board Quorum: Secretary Lenefsky verified that a Board quorum was present.

President Lehrer recognizes Secretary Lenefsky to read the meeting rules below:

To accomplish the business of this meeting of the Board of Directors, the Chair reminds you of certain rules of debate and discussion stated in the current edition of *Robert's Rules of Order, Newly Revised*, at Section 43:

- A member **must be recognized by the chair** before he or she may speak.
- **Members cannot, cannot, address one another directly.** All remarks **must be addressed through the chair.**
- "Every member has the right to speak to every debatable motion ... subject only to general limitations on debate established by parliamentary law or the rules of the body (RONR, (12th ed.) 43:3) p.366.
- After the maker of a motion has the opportunity to speak first in debate if he or she so chooses, other members may seek to be recognized by the chair to claim the floor for purposes of debate.

- “No member can speak more than twice to the same [motion] on the same day; however, a member cannot make a second speech on the same question ... until every member who desires to speak on it has had an opportunity to do so once. (RONR (12th ed.) 43:12 p.368.
- When speaking, a member must avoid speaking about personalities ... discussion may only be directed toward the pending question: whether the measure should be adopted or should fail.
- A member cannot reflect adversely on any prior act of the society that is not pending. (ROMR (12 ed.) 43:24) page 372.
- If any member objects, a member has no right to read from any paper or book as part of his or her speech. If an objection is made, permission of the assembly is required for the member to read from any paper or book. (ROMR (12 ed.) 43:26) page 373.

Minutes: With no corrections noted, the Minutes of the November 17, 2022 Board Meeting are approved as submitted.

Treasurers Report: Hearing no questions, the Treasurers Report is filed for audit.

Management Report: General Manager Bill Cook presented the Management Report. With questions answered, the Management Report has been accepted as presented.

Committee Reports: Secretary Lenefsky, as chair of the Long-Range Planning Committee, commented on a report the committee presented to the Board of Directors listing some of their accomplishments. One item was the ASU Survey which they are happy is moving forward, grant opportunities, fitness equipment modernization and begin scorecard usage. The committee also listed recommendations for Board consideration including the Long-Range Planning committee conduction periodic “Membership Idea Meetings” to get member input. They also want to review the Mission Statement and put this in documents, look into ideas that could encourage increased membership activity which was decreased due to COVID and look at extending our center hours for our members still working.

Installation of 2023 Directors Elect: President Lehrer installed Jean Totten, John Fast and Steve Collins. All three Directors Elect will serve a three (3) year term starting January 1, 2023.

Presentation of Plaques: President Lehrer presented plaques to outgoing Directors Darla Akins and Steve Collins. Director Mike Ege also completed his term but was absent.

Unfinished Business:

1. *Order of the day – Motion to Rescind*

At the Board Meeting on November 17, a motion was made by Vice President Ege and seconded by Secretary Lenefsky to rescind the vote on the motion to approve the Budget and Finance Committee’s recommendation to approve the 2023 budget at the October 27th Meeting of the BOD. This motion was then postponed to The Time Certain of this, “the next meeting of the RCSC Board of Directors.”

By way of a point of information, the Chair received information from member Mr. Tom Morone who stated his opinion that rescinding the vote of the October 27, 2022 meeting motion to approve the 2023 budget “still falls back to [*Robert’s Rules of Order, Newly Revised*] 35:2(2). The original main motion was to approve the proposed budget, but since the motion to approve failed, there isn’t anything to rescind.”

Section 35, paragraph 2, sub-section 2 of *Robert’s Rules of Order, Newly Revised*, which is referred to by Mr. Marone, states that the motion to rescind “Can be applied to anything (e.g., bylaw, rule, policy, decision or choice) which has continuing force and effect, and which was made or created at any time or times as the result of the *adoption* of one or more main motions.” And the word “adoption” is emphasized in the book. That is an opinion, or point made, that the vote on the Motion to Approve the Budget and Finance Committee’s recommendation to approve the 2023 budget at the October 27th Meeting of the Board of Directors, which failed, cannot be rescinded.

Several other points stand out in *this* matter, however. First, nowhere does *Robert’s* state that a motion to rescind a vote on a previous motion that failed *cannot* be raised. Second, *Robert’s* states at 26:2, an Objection to the Consideration of the Motion can be raised only *before* there has been any debate on the Motion to Rescind the Vote; “thereafter, consideration of the [Motion] has begun and it is too late to object.” Third, the vote on the original Motion to Approve the Budget and Finance Committee’s Recommendation to Approve the 2023 Budget was not in the affirmative, its effect however – the result of the Board’s *vote* – amounts to the Board’s direction to the Budget and Finance Committee to *take action*, to *do* something, which is to submit a proposed 2023 budget which the Budget and Finance Committee recommends be adopted. Thus, there *is something to rescind*: the Motion to Rescind the Vote equates to rescinding the Board’s direction to the committee to compose a 2023 Budget for the Board of Directors to adopt. The current Motion to Rescind that vote, or what translates into a resulting order of the Board of Directors for the Committee to create a 2023 Budget, *is* clearly something that this Board can rescind.

It has been moved and seconded to rescind the vote on the recommendation of the Finance and Budget Committee to approve the 2023 Budget except for the recommendation to transfer \$4.5 million from ‘carry forward’ to the Capital Reserve. The 2023 Budget includes the increase of the annual property assessment to \$525.

Prior to the vote Director Collins moved to appeal the decision of the chair regarding the point of order. Seconded by Director McAdam. President Lehrer confirmed her decision regarding research presented to back the motion.

Director Collins feels this is an illegal motion the way it is written and explained that there was a way to approve the budget. Discussion ensued on how to move forward with approving the motion. President Lehrer asked for vote on the motion to appeal the direction of the chair. Clarification was given on the motion that the question on an appeal is “should the order of the chair be sustained.” Vote was taken and motion to sustain the order of the chair passes 5 to 3 with Director Collins, Director McAdam and Director Nowakowski opposed.

President Lehrer read the motion again which is to rescind the vote on the motion to approve the recommendation of the Finance and Budget Committee to approve the 2023 Budget except for the recommendation to transfer \$4.5 Million from carry forward to the capital reserve. The 2023 Budget includes the increase of the Annual Property Assessment to \$525.

Vote was taken on the motion to rescind, motion to rescind passes 5 to 3 with Director Collins, Director McAdam and Director Nowakowski opposed.

The original motion was made by Director McAdam on Behalf of the Finance and Budget Committee, to approve the 2023 Budget except for the recommendation to transfer \$4.5 Million from carry forward to the Capital Reserve. The 2023 Budget includes the increase of the annual property assessment to \$525.

Prior to the vote Director Nowakowski moved to amend the motion and have RCSC Management revise the 2023 annual budget such that the increase in the annual assessment is only to be spent on club requests. Seconded by Director Collins.

General Manager Cook addressed the Board regarding the amendment by Director Nowakowski. To approve this amendment the question arises as to where do we not spend the money that has been allocated in the 2023 budget. I believe we have roughly \$400,000 allocated for clubs this year so then another \$350,000 would have to come from somewhere, is it one of the HVAC systems or where would it come from? We start our budget process in June and we have a detailed mechanism to determine what is aesthetic, safety or what club hasn't received any funds recently. It is an operational process that has been going on for many years and now it becomes out of our control. We have increased repair and maintenance of the buildings more than we ever have and this also benefits the clubs so I would ask that this amendment not be approved.

General Manager Cook then addressed Director Collins comments on safety and assured the Board that this year's repair and maintenance budget is \$1.4 million dollars. It is 50 to 60 percent higher than ever. We know that repair and maintenance is key to our success and that is why we budgeted that much so when items come up that are safety issues we address those immediately. Now with respect to Director McAdam, the precipice starts somewhere and our wages at the first of the year will be what we start with in 2023. This will just increase from there the wages will stay and increase as inflation pressures increase in 2023. We have to start now to ensure that we can meet those demands.

If we run out of carry forward, we won't have it to spend and have a deficit budget and we won't have deficit spending, so we want to continue that to make sure that we have funds to cover things that the Board comes up with for example Best Friends Dog Club, Lakeview Security initiative and Lakeview Pickleball. These were all things that were added and if we didn't have carry forward we could not address those immediately as requested.

Director of Finance Kevin McCurdy responded to Director Fimmel's question on carry forward dollars. In 2022 net excess generated so far is used to cover capital projects. The capital projects budget was just over \$3 million and even though we are generating over \$3 million dollars of excess, that excess is used to cover our capital project spending. We aren't generating \$3 million of additional carry forward this year, we will probably add around \$500,000 to our carry forward balance this year so we have to be careful when we are talking about a net excess, we all need to understand that the net excess is used to pay for capital projects. Director of Finance then spoke on the capital reserve and the proposal we made was to take some of the carry forward and move it into our capital reserve balance. Those two are very interrelated and I would feel more comfortable with a higher reserve than we are carrying now. We have \$100 million in assets, rule of thumb we should have 40% of that in reserve and we only have \$8 million currently in reserve. So, the bigger picture conversation we need to have is what is our capital reserve process which ties in to carry forward as what is a comfortable amount of money we should have in reserve. I would like to have a reserve of \$20 million. In our 2023 Budget we are budgeting \$25 million in income and \$27 million in expenses when you consider capital projects as well as operating expenses.

After further discussion, vote was taken and the motion to amend fails 3 to 5 with Treasurer Akins, Director Fimmel, Director Wilson, Secretary Lenefsky and President Lehrer opposed.

President Lehrer asked for vote to be taken on the original motion to approve the recommendation of the Finance and Budget Committee, to approve the 2023 Budget except for the recommendation to transfer \$4.5 Million from carry forward to the Capital Reserve. The 2023 Budget includes the increase of the annual property assessment to \$525.

Prior to vote, Director of Finance Kevin McCurdy responded to Direct McAdams question. Capital projects are budgeted if you look at the budget presentation. We have a budget net excess, and a budget capital projects amount. In order to balance the budget, if there is a deficit after we take capital project spending away from our budgeted excess that is taken from carry forward. So, in the 2023 budget, we are budgeting that we will use \$1.9 million of carry forward to pay for the capital budget amount not generated in excess. So, we have a budget that budgets a \$1.3 million dollar excess, but we are taking \$1.9 million out of carry forward to pay for the capital project amount not generated in excess.

General Manager Cook addressed the Board on wages. Compared to our sister communities we are considerably lower, secondly we have had inflation of over 8% and two thirds of our employees are residents working here trying to make ends meet. In raising our wages, we are helping out the community and lowering our amount of turnover. When I started we were at around 43% and we have brought it down somewhere in the mid 30% area. We want to reward the employees who have been here for a length of time also.

Vote was taken on the original motion to approve the recommendation of the Finance and Budget Committee, to approve the 2023 Budget except for the recommendation to transfer \$4.5 Million from carry forward to the Capital Reserve. The 2023 Budget includes the increase of the annual property assessment to \$525. Motion passes 5 to 3 with Director Collins, Director McAdam and Director Nowakowski opposed.

Secretary Lenefsky moved to waive the second reading of the motion. Director Wilson noted that we could not waive the second reading because we need 2/3 or 6 votes to waive a motion as listed in our bylaws. Motion to waive was seconded by Director Akins. After discussion motion to waive failed 1 to 7 with all opposed except for President Lehrer. President Lehrer called for a Special Meeting for Thursday December 22, 2022 at 9:00am to pass the 2023 budget.

Motions – Second Reading:

1. **Second Reading Director Wilson** – On behalf of the Sun City Foundation, I move to amend Board Policy #1, Item #1a to include the following. After discussion, motion passes 5 to 3 with Director Collins, Director McAdam and Director Nowakowski opposed.

1. TO QUALIFY FOR FOUNDATION ASSISTANCE:

- a) Applicant is at least 67 years of age and a property owner in Sun City for a minimum of five years and resides in the home. The applicant must also be a member in good standing for the three years prior to applying for assistance unless there are exigent circumstances.

2. **Second Reading – Director Wilson** – I move to amend Board Policy #10 as follows: After discussion, vote was taken and motion passes unanimously.

Pickleball

1. With the exception of water, food ~~and~~ and beverages of any kind are not allowed within the court enclosures.
2. Rubber soled shoes with closed heels and toes are required.

Racquetball/Handball

1. Food ~~nor~~ beverages of any kind are **not** allowed within the court enclosures.
2. Rubber soled shoes with closed heels and toes are required.

Table Tennis

1. Food ~~nor~~ beverages of any kind are **not** allowed within the playing areas.
2. Rubber soled shoes with closed heels and toes are required.

Tennis

1. **With the exception of water**, food ~~nor~~ **and** beverages of any kind are **not** allowed within the court enclosures.
2. Rubber soled shoes with closed heels and toes are required.

3. **Second Reading – Secretary Lenefsky** – I move to approve \$4,000 to be paid to the Sun City Posse for their continued assistance with event parking in 2023.

Prior to vote, Director McAdam moved to amend the motion to read” I move to approve \$4,000 to be paid to the Sun City Posse as a donation”. Seconded by Director Nowakowski, motion to amend passes unanimously.

Vote was taken on the amended motion and the amended motion passes unanimously.

New Business:

1. **Secretary Lenefsky** – I move to amend the 2023 budget to include \$70,000 to conduct a Capital Reserve Study, motion seconded by Director Wilson.

Prior to the vote, Director Fimmel moved to postpone the motion to the February 2023 Board meeting. Seconded by Director Nowakowski.

General Manager Cook asked the Board to add a statement to the motion that states that the Finance & Budget Committee would meet to make a recommendation to the Board. Whether it be to use Director McAdams resource or to go through a bid process to find an outside consultant. This would allow the Finance & Budget Committee the opportunity to give the Board their recommendation. Maybe we have that recommendation by the February 2023 Board Meeting?

After further discussion, Secretary Lenefsky withdrew his motion. Motion to withdraw was seconded by Director McAdam and passes unanimously.

Announcements:

President Lehrer announced that there will be a Special Meeting of the Board on December 22, 2022 at 9:00am here in the Sundial Auditorium to discuss the motion to approve the 2023 Budget.

President Lehrer also introduced Sun City Visitor Center & Marketing Manager Polly Corsino to give the Board and Members an update on the ASU Survey.

Director Wilson thanked everyone who donated to the Sun City Foundations Santa for Seniors project. It was a huge success, and the Directors will be delivering the gifts to the members next week.

Director Fimmel wanted to acknowledge IT Manger Randy Bird and his staff for the work they have devoted in the last year. They have ordered over half a million dollars in equipment most of which has been installed. A few pieces have not been delivered yet but should be within the next couple of months. They have done a remarkable job and I think we are in a good position to enter phase two of the technology upgrades.

Outgoing Directors Darla Akins and Steve Collins made exiting comments about the time spent on the Board.

Director Fimmel thanked Timekeeper Tracy Bussabarger for managing the time clock for the meetings.

General Manager Cook announced that the Holiday Celebration was a huge success with funds collected of \$5,700 going to the Sun City Foundation. Secondly, Director of Finance Kevin McCurdy started a relationship with Desert Diamond Casino last year. This year again, they are going to donate \$15,000 to the Sun City Foundation. Merry Christmas to everyone and have a great New Year.

Next Meeting: President Lehrer reported that the next meeting will be our Member Exchange on Monday, January 9, 2023 at 9:00am in the Sundial Auditorium. She also noted that the next Regular Board Meeting is Thursday January 26, 2023 at 9:00am in the Sundial Auditorium.

Adjournment: President Lehrer stated that with no further business the meeting will be adjourned. The meeting was adjourned at 11:22am.

Respectfully submitted,

Allan Lenefsky, Secretary