

**RECREATION CENTERS OF SUN CITY, INC.**  
**BOARD MEETING AGENDA**  
**Thursday, January 26, 2023**  
**Sundial Auditorium, 9:00 a.m.**

- Call to Order
- Pledge of Allegiance
- Welcome and Introductions
- Roll Call of Voting Members, Confirmation of Quorum
- Installation of 2023 Appointee
- Approval of Agenda
- Approval of Minutes
- Treasurer’s Report
- Management Report
- Committee Reports
- Recreation Center Update Report – General Manager Cook
- Motions Second Reading
- Consent Calendar Items
  1. Request to approve the decharter of the Sheepshead Club upon the request of the club.
  2. Request to approve the decharter of the Choraliers Club upon the request of the club.
- New Business
  1. **Director Lenefsky** – I move to amend Bylaws, Article IX titled Initiative, Referendum and Recall Petitions, Section 2, Letter B as follows:  
SECTION 2: ACCEPTABLE PRACTICES DURING THE PETITION'S CIRCULATION  
~~B. — Petitions will not be:~~
    - ~~1. Circulated within or at RCSC Facilities except those for RCSC Board Candidates.~~

B. Petitions regarding RCSC matters may be circulated within or at all RCSC facilities/properties while not disrupting or interfering with RCSC Member activities or blocking ingress or egress at any facility.

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2. **Director Lehrer** – I move to amend Bylaws Article V titled Board of Directors; Section 5 titled Meetings of the Board as follows:

**SECTION 5: MEETINGS OF THE BOARD**

Meetings of the Board shall be held on the days and times as designated by the Board. **The oath of office shall be administered to newly elected or appointed Directors at the first Board Meeting following election or appointment.** The President, Vice-President or his/her appointee shall preside at all meetings. Six (6) Board of Directors shall constitute a quorum. Robert's Rules of Order shall govern procedure at all meetings of the Corporation provided they are consistent with the laws of the State of Arizona and the Corporate Documents. A Parliamentarian may be present at Board meetings at the discretion of the President.

All meetings of the Board and ~~Member/Board~~ **the** Exchanges, excluding Executive Sessions **and Informational Meetings**, shall be open and video recorded. Member comments at Board Meetings will be limited to posted motions.

At least seven (7) days prior to all Board meetings, excluding Executive Sessions, Special Sessions, **Informational Meetings** and ~~Member/Board~~ Exchanges, an agenda, subject to amendment, shall be posted in RCSC Facilities and/or on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)). Motions made in Board meetings, excluding Executive Sessions, Special Sessions and ~~Member/Board~~ Exchanges, shall be read and passed a minimum of two times before finalized and acted upon unless readings are waived by two-thirds (2/3) majority of the Board (6). As soon as practicable, a brief summary of the preceding Board meeting shall be posted on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)). After approved by the Board, minutes of Board meetings, excluding Executive Sessions and ~~Member/Board~~ Exchanges will be available on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)) or to Members in good standing at no cost upon request at the Corporate Office.

~~Member/Board~~ **The** Exchange will generally be held on the second Monday of the month at 9am in the Sundial Auditorium. Board meetings will generally be held on the last Thursday of the month at 9am in the Sundial Auditorium, except the months of July and August when no Board meetings or ~~Member/Board~~ Exchanges are held.

Board meeting and ~~Member/Board~~ Exchanges may occur earlier in the month during November and December due to the holidays. Board meeting and ~~Member/Board~~ Exchange schedules will be posted in RCSC Facilities and/or published in the newsletter (*SunViews*) and/or on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org))

**Informal Informational Meetings of the Board are held after the Exchange to identify and resolve issues brought forth at the Exchange by the Membership. Only Directors and RCSC Management will attend except when additional information is needed from other individuals.**

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3. ***Vice President Collins*** – I move to amend Bylaws Article X titled Committees, Sections 3 & 5 as follows:

SECTION 3: COMMITTEE CHAIR AND ~~CO~~ **Vice**-CHAIR

All committees shall have a Board of Director as Chair and ~~CO~~ **Vice**-Chair who shall be approved by the Board in January each year. If a Chair or ~~CO~~ **Vice**-Chair is unwilling or incapable of satisfactorily performing the responsibilities, they may be removed from his/her position as Chair or ~~CO~~ **Vice**-Chair by a ballot vote of a majority vote of the Board (5). The Committee Chair and ~~CO~~ **Vice**-Chair shall conduct committee meetings unless unavailable, then another Board of Director may do so. The Committee Chair, or ~~CO~~ **Vice**-Chair in the absence of the Chair, shall be responsible for presenting committee recommendations to the Board.

SECTION 5: MEMBERS OF COMMITTEES RESPONSIBILITIES

Committee members are expected to attend all committee meetings, review materials in advance of the meetings, participate in meetings, and meet as frequently as necessary to discharge properly the committee's responsibilities.

All Standing Committees will select a Secretary annually who will prepare a summary of the committee meeting and submit it to the Corporate Office within three (3) days after the committee meeting. If the Secretary is not present, the Chair or ~~CO~~ **Vice**-Chair will appoint a Secretary for the meeting.

- Announcements

Next Meeting Date – Member/Board Exchange February 13, 2023, at 9am in the Sundial Auditorium. The next meeting of the Board of Directors will be February 23, 2023, at 9am in the Sundial Auditorium.

- Adjournment

A Planning Session will be held immediately after this meeting to discuss the Mountain View Project: This session will be video recorded and open for attendance by any Member who would like to stay but no one will be allowed to comment or ask questions on the subjects.

**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, (12<sup>th</sup> 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 (12<sup>th</sup> 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 27<sup>th</sup> 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. Morone, 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 27<sup>th</sup> 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 ~~not~~ 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

## **Recreation Centers of Sun City, Inc.**

### **Treasurer's Report**

**January 26, 2023**

The balance of unrestricted funds as of December 31, 2022 was \$18,191,898 which includes a \$2.5M cash reserve. Restricted funds include the Preservation and Improvement Fund ("PIF") and the Capital Reserve Fund. As of December 31, 2022, PIF had a balance of \$32,435,369 plus \$499,560 collected in December that was transferred into the PIF account in early January 2023. The Capital Reserve Fund had a balance of \$5,614,979 as of month end. The Carryforward balance (which is a component of the \$18.2 million Unrestricted funds balance) was \$9.9 million as of December 31, 2022.

The corporation operated within its budget year to date 2022.

#### **Investment Report 4th Quarter 2022:**

RCSC's Investment Policy (Bylaws Article XIII) is stringent in its requirements with the priority of investment objectives which are placed in this order: 1) safety, 2) liquidity, and 3) yield.

At the end of the fourth quarter of 2022, \$3,416,408 (cost basis) of the \$2.5M unrestricted cash reserve and other unrestricted funds have been invested in various FDIC insured certificates of deposit, treasury bills and corporate bonds. In 2022, these investments along with the unrestricted money market account have produced interest income of \$77,650 with management fees of \$8,436 for a net income on unrestricted fund investments of \$69,214.

As of December 31, 2022, \$5,329,326 (cost basis) of the \$5.0M restricted capital reserve plus interest earned has been invested in various FDIC insured certificates of deposit and corporate bonds. Year-to-date, these investments have produced interest income of \$91,674 with management fees of \$8,889 for a net income on restricted capital reserve investments of \$82,785.

At the end of the fourth quarter of 2022, \$15,223,083 (cost basis) of the \$32.4M in the restricted Preservation and Improvement Fund has been invested in various FDIC insured certificates of deposit, treasury bills and corporate bonds. Year-to-date these investments have produced interest income of \$174,039 with management fees of \$28,307 for a net income on restricted fund investments of \$146,002.

Respectively submitted by

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John Fast, RCSC Board Treasurer

# Recreation Centers of Sun City, Inc

## Balance Sheet

Saturday, December 31, 2022

	Current Year	Prior Year
<b>ASSETS</b>		
Cash and Investments		
Petty Cash	\$12,287	\$12,287
Cash in Bank	12,777,166	12,151,747
Cash - Money Market	2,902,445	2,833,232
Operating Reserve	2,500,000	2,500,000
Subtotal Cash and Investments	18,191,898	17,497,266
Preservation/Improvement Fund	32,435,369	27,429,091
Capital Reserve	5,614,979	5,532,194
PIF Pending	499,560	861,700
Accounts Receivable	108,059	144,546
Accounts Receivable - Assessments	2,256,242	2,110,693
Deposits & Prepaids	407,735	112,619
Inventory	174,760	138,067
Assets	59,688,602	53,826,176
Fixed Assets		
Land	4,397,807	4,397,807
Land Improvements	40,925,972	40,872,170
Buildings & Structures	90,992,560	90,323,401
Furniture, Fixtures & Equipment	33,110,451	32,219,915
Vehicles	1,882,190	1,868,460
Less: Accumulated Depreciation	(95,289,278)	(89,443,226)
Net Fixed Assets	76,019,702	80,238,527
Work in Progress	8,607,289	3,233,532
Other Assets		
Total Assets	144,315,593	137,298,235
<b>LIABILITIES &amp; NET WORTH</b>		
Current Liabilities		
Accounts Payable	1,190,954	1,555,541
Other Current Liabilities	339,855	374,677
Deferred Income	8,153,925	7,555,157
Pre Billed Assessments	2,013,059	1,933,102
Total Current Liabilities	11,697,793	11,418,477
Other Liabilities		
Net Worth		
Net Worth	125,879,757	118,501,321
Excess/Deficit Year to Date	6,738,043	7,378,437
Total Net worth	132,617,800	125,879,758
Total Liabilities and Net Worth	144,315,593	137,298,235

**Recreation Centers of Sun City, Inc**  
**STATEMENT OF INCOME AND EXPENSES**  
**For the Twelve Months Ending Saturday, December 31, 2022**

	<b>December Actual</b>	<b>December Budget</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>YTD Variance</b>	<b>Prior YTD</b>
<b>Operating Income:</b>						
Property Assessments	\$1,078,428	\$1,054,439	\$12,949,538	\$12,738,889	210,649	\$12,835,693
Transfer & Access Fees	37,500	43,500	721,230	700,000	21,230	897,183
Privilege & Guest Cards	65,549	69,821	821,276	868,780	(47,504)	598,044
Food/Liquor Sales	83,136	60,193	838,941	694,890	144,051	616,914
Bowling Fees	82,560	69,561	799,843	704,247	95,596	479,132
Prepaid Green Fees	173,871	146,545	2,075,182	1,808,225	266,957	1,915,571
Prepaid Green Fees - Non	30,487	10,961	319,581	130,866	188,715	229,447
Daily Green Fees & Surcharge	418,467	314,838	4,456,767	3,678,915	777,852	4,130,823
Range Fees	30,901	25,935	333,016	260,000	73,016	295,688
Cart Rental	40,897	18,290	439,690	221,160	218,530	457,114
Merchandise Sales	13,050	10,098	161,729	157,995	3,734	161,413
Cardholder Events & Club Fees	488	270	268,701	267,200	1,501	28,311
Rental Income	23,023	15,994	278,058	280,893	(2,835)	221,722
Contributions	16,800	8,500	38,266	30,000	8,266	23,432
Miscellaneous Income	3,593	3,496	40,412	14,662	25,750	38,022
<b>Total Operating Income</b>	<b>2,098,750</b>	<b>1,852,441</b>	<b>24,542,230</b>	<b>22,556,722</b>	<b>1,985,508</b>	<b>22,928,509</b>
<b>Operating Expenses:</b>						
Salaries and Wages	1,029,832	1,070,025	9,421,262	9,559,800	138,538	9,477,364
Payroll Taxes & Benefits	169,377	219,703	1,971,501	2,382,514	411,013	1,918,433
Repairs and Maintenance	346,838	131,774	2,955,159	2,300,697	(654,462)	2,289,971
Utilities Expense	226,763	187,828	2,535,710	2,359,795	(175,915)	2,180,185
General Operating Expense	228,464	230,498	2,793,853	2,885,489	91,636	2,485,251
Cost of Goods Sold -Food & Liquor	31,009	19,332	283,248	226,018	(57,230)	201,195
Cost of Goods Sold - Merchandise	18,220	13,490	210,129	185,579	(24,550)	213,978
Cost of Goods Sold - Events	757	1,500	92,624	88,190	(4,434)	16,293
<b>Total Operating Expenses</b>	<b>2,051,260</b>	<b>1,874,150</b>	<b>20,263,486</b>	<b>19,988,082</b>	<b>(275,404)</b>	<b>18,782,670</b>
<b>Net Operating Excess/(Deficit)</b>	<b>47,490</b>	<b>(21,709)</b>	<b>4,278,744</b>	<b>2,568,640</b>	<b>1,710,104</b>	<b>4,145,839</b>
<b>Other Income:</b>						
Interest Income	37,172	0	158,582	30,000	128,582	63,845
Proceeds - Sale of Assets	0	0	100	0	100	0
Investment Income (Unrestricted)	19,580	0	77,650	60,000	17,650	93,540
<b>Total Other Income</b>	<b>56,752</b>	<b>0</b>	<b>236,332</b>	<b>90,000</b>	<b>146,332</b>	<b>157,385</b>
<b>Other Expense:</b>						
Property Tax	12,232	12,289	144,313	147,468	3,155	140,272
Insurance	64,046	67,248	768,552	787,764	19,212	767,090
Investment Fees (Unrestricted)	0	0	8,436	10,000	1,564	7,461
Insured/Uninsured Losses	3,707	0	3,707	0	(3,707)	0
<b>Total Other Expense</b>	<b>79,985</b>	<b>79,537</b>	<b>925,008</b>	<b>945,232</b>	<b>20,224</b>	<b>914,823</b>
<b>Net Excess/(Deficit) Before Depreciation</b>	<b>24,257</b>	<b>(101,246)</b>	<b>3,590,068</b>	<b>1,713,408</b>	<b>1,876,660</b>	<b>3,388,401</b>

# RCSC Management Report – January 26, 2023

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## **Finance:**

### **Financial Report**

The Recreation Centers of Sun City, Inc. (RCSC) ended December 2022 within its operating and capital budget year to date. All Divisions except Food & Beverage and General & Administrative have met or exceeded their net operating budget projections year to date. Food & Beverage is (\$22.1k) unfavorable year to date due primarily to building and equipment repairs at the cafes over budget by (\$31.8k). General & Administrative is (\$154.5k) unfavorable to budget due to spending on the unbudgeted IT Upgrade project. Operating Income for December totaled \$2,099k and was \$246k (11.7%) favorable to budget due primarily to Prepaid and Public Greens Fees being \$27.3k and \$57.6k favorable, respectively. Operating expenses for the month were \$2,001k and (\$161.5k) unfavorable to budget due primarily to increased Gas expenses, price increases for Fertilizer, and spending on the unbudgeted IT Upgrade project. Year to date Net Operating Excess excluding projects is \$1,960k (40.8%) favorable to budget.

### **Cardholder Services Report**

Payments on past due assessments in December were 10.0% of past due balances. Overall accounts receivable increased in December by 0.1% and is up 8.0% from the beginning of the year. Overall accounts receivable past due balances have increased in December by 1.1%. November assessments went 30 days past due at a rate of 5.4% and October assessments went 60 days past due at a rate of 3.2%.

Payments from our third-party collections firm totaled \$17,405 in December. Year to date payments through our third-party collections firm total \$351,695. Payments made in December through the online RCSC Web Portal totaled \$144,934 from 308 property owners. Year to date web portal payments total \$2,012,418 from 4,329 property owners.

In December, property transfer balances decreased by (4.9%). Outstanding balances related to property transfers represent 55% of all receivables and 59% of past due balances. December trustee sale notices on Sun City AZ properties increased by 1 to end at 33, and properties owned by lending institutions remained at 1.

### **Information Technology Report**

In December, the Information Technology team received 74 new service requests, and closed 70 requests by month end. Year to date, IT has received 1,418 service requests, of which 76 remain open. On average, IT closed service requests in less than one day in 2022.

This month, IT worked with Datalink and Cox to prepare for the new server room at Lakeview. Cox will deliver a dedicated connection to Lakeview Lanes around the middle of January and is scheduling the new direct connection to the Lakeview server room in late January. IT is installing new data connections for the Camera and Quilting clubs at Grand, and will also be working at Sundial to add additional Wifi connections there for two clubs.

### **Human Resources Report**

Human Resources began the month of December with 7 open requisitions and added 17 new requisitions during the month. Human Resources filled 15 requisitions and ended December with 9 open positions. Year to date, HR has opened 280 positions and filled 276

# RCSC Management Report – January 26, 2023

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openings. The time-to fill requisition KPI in December was 10.5 days due to filling two position that were open for over 40 days. HR processed all necessary year end payroll and benefits adjustments, including medical insurance enrollment changes, year-end salary adjustments, vacation policy modifications, and 401(k) match entries.

## **Building & Infrastructure:**

### **Projects:**

#### **In Work**

##### **Lakes East/West Maintenance Yard (PIF)**

- Budget: \$4.0M Total Cost to date: \$3.65M (thru December 2022)
- Landscaping – B&I had a meeting with Golf Operations to determine scope, preliminary pricing and schedule.
- Awaiting proposal from Landscape Architect & Landscaper quotes

• **Status: Green**

##### **Mountain View Rec Center Phases 1 and 2 (PIF)**

- Budget: \$27.3M Total Cost to date: \$195K (thru December 2022)
- Schematic design is in-progress.
- Contractor award 11/04/22; contract executed in December 2022
- Owner/Architect/Contractor Kick-off meeting to be scheduled in January 2023

• **Status: Green**

##### **Sun Bowl Softball Field Improvements (PIF)**

- Budget: \$1.0M Total Cost to date: \$19K (thru December 2022)
- Revised Drawing set received 11/29/22; Need meeting to discuss feedback to CCBG
- Proposals being sought from Multicard and Fire Security Electronics & Communications for door security and video surveillance elements

• **Status: Green.**

##### **Sundial Rec Center Dehumidifier (Capital)**

- Budget: \$500k Total Cost to date: \$127K (thru December 2022)
- Existing non-working Pool Pak #3 removed from roof on 11/29, clearing way for the new unit.
- Contract signed 06/07/22. Production delay at the manufacturer moves the Installation/Completion forecast from January 2023 to February 2023. Contractor: W.D. Manor Mechanical Contractors.

• **Status: Green.**

##### **Viewpoint Lake Repair (PIF)**

- Budget: \$8.0M Total Cost to date: \$1.7M (thru December 2022)
- Building Permit issued by Maricopa County Planning and Development Department on 08/31/22
- Construction began in December. Truck entrance at 105<sup>th</sup> Ave established. Excavation of lake floor is underway
- Homeowner Information Session #7 scheduled for early February.

• **Status: Green.**

##### **Skilled Trades (Repair and Maintenance)**

- Completed 337 work orders in December 2022. Average time to close: 13.2 days

### **2023 Project Planning**

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- B&I is sending out numerous Requests for Quotations (RFQ's) to vendors for authorized 2023 Capital Projects. Including, but not limited to:
  - HVAC replacements
  - Roofing replacements
  - Parking Lot paving & striping
  - Pool & Spa pump replacements
- Seeking 3 quotes per project

## **Solar:**

### **New Issues:**

#### **WB/WC Maintenance Inverter number.**

- Inverter has an internal Ground Fault, Kortman will access.

#### **Lakeview Lanes – Power Loggers not Communicating.**

- Kortman is working on a solution.

### **Issues Resolved:**

- N/A

### **Open Issues:**

#### **Oakmont Inverter Structure Number 1.**

- Working with insurance for a settlement

#### **WB/WC Maintenance Structure number 8.**

- Purlins estimated time of arrival is the second week in February.

#### **WB/WC Maintenance Inverter number 3 and 9**

- Power one is awaiting parts to repair inverters. They do not have an expected delivery date for the parts to come in from Italy, they have been awaiting parts since March 2022.

#### **Lakeview Rec Center Inverter number 9**

- Power one is awaiting parts to repair inverters. They do not have an expected delivery date for the parts to come in from Italy, they have been awaiting parts since March 2022.

#### **Bell Lanes Café – Inverter #05**

- Power one is awaiting parts to repair inverters. They do not have an expected delivery date for the parts to come in from Italy, they have been awaiting parts since March 2022.

### **Production Data:**

- After including December's production data, the lifetime to date production versus expected went down slightly to 3.17%. The percentage of inverters producing above expected stayed the same at 73%.

### **Preventive Maintenance:**

- Will schedule with Kortman for middle of the year.

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## **Golf & Grounds:**

### **Pro Shops**

For the year ending December 31, we played 353,257 rounds, of those 189,496 were played by Annual No Fee (Resident) and Annual Surcharge passholders. Remaining rounds were played by Cardholder Daily (60,333), Cardholder Guest (35,715), RCSC Staff (9,539), Non-Resident passholder (15,065) and Public (43,109).

On February 9<sup>th</sup>, Lakes East/Lakes West will be hosting the annual Teal Ribbon Tournament. The event is open to ladies and men and with no handicap required. It is a 9 hole event with a 9:30 shotgun start and lunch follows play at Sundial. Proceeds benefit the University of Arizona Cancer Center for Ovarian Cancer research. The entry fee is \$30.00 per person, and entry forms may be picked up and turned in to any pro shop.

### **Snack Shops**

Snack shops are now closing at 5:00 p.m. on a consistent basis and will continue to do so until business begins slowing in April.

### **Golf Courses**

The preliminary aerification/overseed schedule was presented to the Golf Advisory Committee this month. We will continue our practice of a single, more aggressive aerification. In addition to regular aerification events we will be solid tine aerifying more frequently. Solid tines do not impact the green surface to the extent of hollow tines and do not require course closures. Fairway verticutting begins in two-day blocks at the end of April. As the Lakes West and Willowbrook courses were not overseeded, the courses will not need to close for the verticutting event. Though it does not eliminate transition related issues, verticutting does open the grass canopy by thinning out the rye grass, allowing the bermuda base to recover from dormancy quicker. Representatives of Golf Advisory were asked to review the schedule with course committees, to resolve any conflicts ahead of time. The schedule as submitted is included with this report and will be presented again next month, after it is finalized. This year the North and Lakes East courses will forgo overseeding of fairways.

In addition to the normal agronomic events, the North course front 9 will close as part of fairway verticutting on April 17 and will remain closed through the overseeding process, reopening October 14. The front 9 will be closed on April 17 to begin prepping the fairways for Tif Tuf Turf installation in June. To prepare the fairways, the current common bermuda base will be chemically removed in three stages to provide the greatest chance of removal, these applications will be approximately 30 days apart. Once chemically removed there will be some mechanical preparation, and the Tif Tuf will be installed through a process called hydro-sprigging. Hydro-sprigging uses cut stolons and rhizomes in a slurry of fertilizer and binding agents and is applied using a large hose, similar to a fire hose. The remaining time of the closure will be used to allow the new Tif Tuf base to establish. The North course was chosen to not overseed to protect the newly established turf from the rigors of the overseed process.

### **Grounds**

The pace of the greens ranges from a low of 12.5 seconds on Lake View East and Oakmont to a high of 13.5 seconds on Bell North. Moisture readings are driven higher by the January rains and range from a low of 13.0 on Bell North to a high of 16.0 on Oakmont. Greens are mowed once per week, mostly to clear debris and are rolled three times per week. The Billy Goat vacuum is

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also used once per week for debris removal. Greens will not require irrigation until moisture readings fall below 10.

Primary focus for the grounds team around Centers is trimming, weed control and debris pickup. The heavy rains have all but removed the remaining leaves from trees and has jump started weed growth.

## **2023 AERIFICATION/VERTICUTTING DATES** **Golf Course will be Closed**

### Fairway Verticutting

Mon	April 17, 18	North (Front Nine Closes through Overseeding)
Mon-Tue	April 24, 25	Quail
Thu-Fri	April 27, 28	South
Mon-Tue	May 1, 2	Lakes East
Thu-Fri	May 4, 5	Riverview
Mon-Tue	May 8, 9	Willowcreek

### Fairways Aerification

Thu	May 15	North (Back 9)
Mon	May 18	Quail
Thu-Fri	May 22, 23	South
Mon-Tue	May 25, 26	Lakes East
Thu-Fri	June 1, 2	Lakes West
Mon-Tue	June 5, 6	Riverview
Thu-Fri	June 8, 9	Willowcreek
Mon-Tue	June 12, 13	Willowbrook

### Greens Aerification

Thu, Fri	June 15, 16	North (Back 9)
Mon, Tue	June 19, 20	Quail
Wed, Thu, Fri	June 21-23	South
Wed, Thu, Fri	July 5-7	Lakes East
Mon, Tue, Wed	July 10-12	Lakes West
Mon, Tue, Wed	July 17-19	Riverview
Mon, Tue	July 24-26	Willowcreek
Mon, Tue, Wed	July 31-Aug 2	Willowbrook

**2023 OVERSEED SCHEDULE  
Golf Course will be Closed**

<u>Course</u>	<u>Overseed</u>	<u>Opens</u>	<u>Off Cart Path</u>
Lakes West	Sept 25	Oct 14	Nov 3
Quail Run	Sept 25	Oct 14	Nov 3
Willowbrook	Sept 25	Oct 14	Nov 3
North	Sept 25	Oct 14	Limited Restrictions
Lakes East	Oct 16	Nov 4	Limited Restrictions
Riverview	Oct 16	Nov 4	Nov 24
Willowcreek	Oct 16	Nov 4	Nov 24
South	Oct 16	Nov 4	Nov 24

As of 1-17-2023

- \* North and Lakes East non overseeded fairways, cart restrictions limited only to around tees and green complexes
- \* If temperatures are too high for Sept 25 start first wave will be pushed back one week, resulting in one week overlap of course closures

**Bowling:**

In December, there were 30,235 games bowled at both bowling centers. Open Bowling continues to be as strong as ever. There were 7,954 open bowling games bowled, the most ever in the month of December since we began keeping track by month in 2001. For the year, the most games have been bowled since 2009. Bell Lanes had the most games bowled since 2004. Lakeview Lanes had the most games bowled since 2011. Open Bowling had the most games bowled since 1998. Bell Lanes had the most open bowling games since 1994 and Lakeview Lanes had the most since 2005.

Upcoming Tournaments in February are the Metro Phoenix USBC Senior Masters and Queens On the 4<sup>th</sup> at Lakeview Lanes. The Arizona Bowlerettes is on the 11<sup>th</sup> at Lakeview Lanes. The House Run No Tap Scotch Doubles is the 26<sup>th</sup> at Bell Lanes.

Bowl with the Director continued in November and will continue the first Thursday of every month from 10:30 am until 12:00 pm at Lakeview Lanes. The January event had 27 people that attended. This event is free to all RCSC Member/Cardholders and Sun City Bowling League Participants. The purpose of this event is for anyone who may be interested in getting back into bowling, for current league bowlers to come by and get some extra practice and coaching, and for an opportunity to chat with Mike Dirmyer about any bowling related topic. The events have been well received and the feedback has been tremendously positive. The next event is February 2, 2023.

Angry Birds Bowling has continued with great success. Since its introduction, the event has averaged 30-50 participants every Saturday night. Angry Birds Bowling is a bowling game that aligns with the popular app game and is a fast paced, 5-frame bowling game filled with excitement.

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There have been twenty-one 300 games and ten 800 series bowled at both centers so far in this league bowling season.

## **Operations:**

### **Centers Operations**

December usage at Duffeeland Dog Park increased over November. During December, 376 Cardholders (an increase of 16%) accounted for 4,805 visits to the park. Park visits increased 39% over November.

Based upon Cardholder requests, a 7-foot Diamond pool table was placed in the billiards center at Lakeview Lanes. To make room for this table a snooker table was removed. The 7-foot table provides a smaller playing environment for those who find playing on a larger 9-foot table difficult. This new table will make playing pool accessible for these Cardholders. A similar 7-foot table is planned for Bell Center in 2023.

At the end of 2022, Property Committee work orders related to maintenance issues at RCSC centers were down 46.7% from 2021. This reduction in items identified by the Properties Committee is a direct reflection upon the custodial and Building and Infrastructure staff at each center related to their maintenance, upkeep and identification of items for repair. This proactive stance by staff helps to keep the centers in great condition.

Safety and Corporate Policy training began in the 4<sup>th</sup> quarter for all RCSC staff. This training included incident reporting, communicating with MCSO, and the most frequently occurring corporate policies. Over 60% of staff were trained by the end of the year with the remaining staff scheduled for this training in January 2023.

### **Chartered Clubs**

The end of year report for 2022 Chartered Club attendance is provided with this management report. Club compliance with the attendance reporting requirement has improved during 2022 with 94% of clubs reporting attendance in December.

Two club decharter requests have been included for the Consent Calendar for the January meeting. The decharter of the Choraliers Club is the formal closing of this club while the activities of this club will be continuing under the Players Club as the Players Club has agreed to bring those activities into its club. Two additional clubs for dechartering were not finalized in December though are expected in early 2023.

## **Events and Entertainment:**

The 2022 Holiday Celebration was held at the Sundial Recreation Center. The ducks raced down the creek at Riverview golf course and it was broadcast live on the video screens in the auditorium. The prizes were exceptional, and the final amount raised to donate to the Sun City Foundation was \$5,730. The Duck race ran two races and each 1<sup>st</sup> place winner received \$481, 2<sup>nd</sup> place was \$289 and 3<sup>rd</sup> place was \$193. The grand prize for Yahtzee game was \$248, Tic-Tac-Toe was \$228, Hole in One was \$138, and one lucky winner took home a Christmas Tree filled with \$370 cash. The fun didn't stop there as over 70 beautifully holiday- decorated golf carts pulled away from the Sundial Mall, parading not only around Sundial and the neighboring streets, but also promenading their carts through other neighborhoods in the community; an extra route organized by an interested party who took it upon themselves to add to the festivities. Thank you, Sun City, for participating and donating to this worthy cause, The Sun City Foundation.

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The annual Christmas Spectacular "A Bubl  Christmas" featuring Scott Keo as Michael Bubl  was presented to a full house as guests enjoyed complimentary Hot Cocoa and Hot Apple Cider. A non-perishable food donation box was placed in the lobby, and we collected over 1100 lbs. of food to benefit the Banner Olive Branch food pantry. Again, thank you Sun City! What a fantastic way to end the year with RCSC!

The Winter ticketed concert series kicked off on Wednesday, January 4<sup>th</sup> with "Ray Charles and Friends", featuring Pete Peterkin, an act direct from Las Vegas! The rave reviews are still coming in. The performance was so much more than expected. A good time was had by all. The Winter ticketed concert series will continue through the last Wednesday in March. Tickets are still available for these upcoming shows.

Confirmations from all over our community have been received and setup charts have been completed for Wednesday, January 18, when RCSC is proud to once again present "Discover Sun City" with sessions from 9am to 11am and again from 6pm to 8pm. Discover Sun City showcases all that Sun City has to offer through clubs, groups, and organizations throughout the Sun City AZ community.