

Regular Meeting of the Board of Directors

Tuesday, January 25, 2011 – Activity Center – 2:00 pm

The regular meeting of the Board of Directors was called to order at 2:03pm with Jack Bowers presiding.

1. Call to Order & Attendance

Directors Present – Jack Bowers (President), Terri Ayer (Vice-President), Dave Taylor (Treasurer), Jo Ann Ellison (Secretary), Barbara Hynes, Ken Lund, Fred Pilster

Directors Absent - None

Staff Present – Scott Devereaux (General Manager), Linda McAlister (Controller), Linda Irwin (Recording Secretary), Vivian Timian (Director of Operations), Bernie Eaton (Director of Golf), Mike Roddy (Golf Course Superintendent), Marco Rubio (Common Area Maintenance Manager)

Others Present - At the request of Management: Steve Robison, President of Desert Reflections

2. Minutes

- a. Mr. Lund moved, seconded by Ms. Hynes, to approve the meeting minutes for December 14th and January 5th. Motion passes unanimously.

3. Reports

- a. President: Mr. Bowers reported the following:

- The issue of civility at SaddleBrooke was reviewed with encouragement for all to be patient and civil to one another during Board meetings.
- Announced League of Women Voters meeting on Tuesday, February 8th, about senior care services.

- b. Treasurer: Mr. Taylor reviewed the financials reporting the following:

- Overall for 2010, we were ahead of Budget with net revenue at \$903,700.
- General Operations was slightly behind Budget, but factoring in the \$133,000 of road work and \$16,000 of erosion control projects completed, we were actually a little ahead of Budget.
- Golf revenue was slightly behind Budget, but annual memberships were ahead of Budget at \$90,000 at the end of December 2010.
- Food & Beverage was ahead of Budget for 2010 mainly due to good cost control.
- Replacement Reserve Fund and Capital improvement Fund for 2010 are ahead of budget with a total of \$1,843,076. Total spending for 2010 from RRF is \$1,655,921 and total spending from Capital Improvement Fund is \$515,779.
- Overall 2010 was a very successful year with nearly all of our projects coming in under budget. SaddleBrooke Nine total was \$727,299, \$16,701 under budget. Fitness Center Expansion total was \$371,204, \$41,196 under budget.
- CSF and BAA contributions for 2010 are \$2,379,796 total.

c. General Manager: Mr. Devereaux provided the following information:

- Golf unlimited memberships are at 390, hitting Budget, limiteds are at 50, only 20 below Budget and 655 Privilege Cards have been sold, ahead of last year's pace. Budget for Privilege Cards is set at 800.
- F&B consultant was in this past week and met with Board members, General Manager and many staff members. Consultant observed all facets of F&B and a report should be received in 10-14 days. We are already working on implementing some suggested changes.
- Pump Station has been delayed due to more silt in pond than expected. After finding the additional silt, a re- design was done. The wet well is going in, the intake valve should arrive tomorrow, and the pad will be poured next week. The station will be here in 7-10 days and the project will be complete between the middle and end of February.
- Tucson Nine Golf Course tours are currently being given. Town Hall meeting was held yesterday to review this course. Mr. Eaton has comment cards to circulate and get resident feedback to the Golf Committee and then the Board.
- Agave Nights continue to be good, with nightly sales around \$1000.00. Agave Lounge to be closed some nights due to pre-booking of activities prior to establishment of Agave Nights.
- Mr. Andy Higgins has been hired as our new Assistant Golf Pro and starts on February 14th.
- Unit 7 roads have been reviewed and consultants are being brought in to look at the problem areas on the roads to bring recommendations for repairs to the Board.
- HOA #1 Board officers and General Manager met with HOA #2 resident Board members and General Manager to discuss joint activities.

Mr. Bowers then opened discussion to the audience. The following residents spoke: Mr. Gary Hammond (Unit 19)

4. Consent Items:

- a. Mr. Taylor moved, seconded by Ms. Hynes to approve the following consent items. Motion passes unanimously.
 - i. Creation of a Communications (ad hoc) Committee
 - ii. Committee Chair & Board Liaison Appointments for 2011
 - a) ALC – Jo Ann Ellison (Board Liaison), John Wiley (Acting Chairperson)
 - b) Communications (ad hoc) – Ken Lund (Board Liaison)
 - c) Events – Terri Ayer (Board Liaison), Charlotte James (Chairperson)
 - d) Finance – Dave Taylor (Board Liaison), Tom Simester (Chairperson)
 - e) Golf – Fred Pilster (Board Liaison), Clark Hall (Chairperson)
 - f) House – Jo Ann Ellison (Board Liaison), Carol Lich (Chairperson)
 - g) Properties & Roads – Jack Bowers (Board Liaison), John LaBar (Chairperson)
 - h) Rules Compliance & Covenants – Barbara Hynes (Board Liaison), John Alton (Chairperson)
 - i) Safety & Recreation – Ken Lund (Board Liaison), Dave Dahl (Chairperson)
 - j) Tennis – Fred Pilster (Board Liaison), Linda DePew (Chairperson)
 - k) Unit Reps – Jack Bowers (Board Liaison), Pat McGlasson (Chairperson)
 - l) Villas – Terri Ayer (Board Liaison), Melanie Neilson (Chairperson)

iii. Committee members for 2011

- a) Events – Gail Flannery, Hedy Gryszan, Peg Lockwood, Walter Teike, Barbara Treick, Sara Wetegrove, Linda Wright Special Projects: Elke Mulligan, Jean Vardy, Lynn Slaten
- b) Finance – Dick Bogen, Fred Chapman, Ted DeMerritt, Glenn Cage, Kate McLeod, Barbara Starrett, Chris Toney, Cal Willis
- c) Golf – Larry Crum, Julie Egolf, Ronald Essenpreis, Karen Moore, John Pavlak, Dennis Reilly, Roy Stigers, Mardie Toney, Edward Van Dorn
- d) House – Daria Outwater, Janet Bogen, Nita Fuchs, Larry Shaffer, Barbara Lefebvre, Karen Green, Savo Fries
- e) Properties & Roads – Frank Brier, Art Fuerstenberg, Jim Gray, Bill Jansen, Bob Otto, Tom Simester, Dick Somes
- f) Rules Compliance & Covenants – Lee Alcantara, Fred Ayer, Bruce Byers, Kay Galligan, Bill Lich, Rick Mink
- g) Safety & Recreation – Don Bennett, Mike Bennett, Janet Bogen, Jack Hacking, Ed Kelley, Gloria Nolte, Kay Null, Paul Rush, Barbara Starrett
- h) Tennis – Steve Leane, Craig MacPherson, Diane Ray, Peggy Thurmond
- i) Unit Reps – Unit 1: Lou Macijeski, Ken Ritz; Unit 2: Savo Fries, Dave Niemann; Unit 3N: Jim Jevne, Ed Cregan; Unit 3S: Laurie Page, Marianne Lyons; Unit 4: Dick Zenko, Ann Parks; Unit 5: Carol Tibor; Unit 6: Vince Bellian; Unit 7: Dick Quigg, Gene Oeschger; Unit 8: Sue Rains, Wilda Metzdorf, Sue Opeka; Unit 8A: Marian Marion, Trudy Rossi, Robbie Peoples; Unit 9: Carolyn Lukas; Unit 10: Janet Bogen, Leana Glende, Julie Egolf; Unit 10A: Louise Jeffery; Unit 11: Craig Holder, Jim Fairweather; Unit 12: Ken Leimkuehler; Unit 16: Don Valentine, Hod Wells; Unit 18: Jim Luke, Don Bennett; Unit 19: George Sallaberry, Dixie Crabtree; Unit 20: Britt Northcutt, Sylvia Wilson; Unit 21: Ron Andrea, Diane Korn, Glenn Gage.

iv. SEIC (Commission) Board Liaison, Chairperson and Member Appointments for 2011

- a) Barbara Hynes (Board Liaison), Betsy Levenson (Co-Chair) and members: Chris Crum, Kay Galligan, Steve Liakos, Dick Somes

5. Unfinished/Old Business

- a. None

6. New Business

- a. Discussion Items -None

- b. Action Items – Financial

- i. Approval of Rock Wall Repairs in Unit 7

Ms. Hynes moved, seconded by Ms. Ellison to approve the rock wall repairs in Unit 7 at Mountain Sage and High Point Lane, at a cost not to exceed \$22,800. (See Presentation titled “Rock Wall Repair – Unit 7”, dated January 25, 2011).

Discussion by Board: Mr. Pilster questioned whether an alternative method of repair i.e. the injection of sand or other substances would achieve the same purpose without having to remove the rocks and re-surface the underlying soil. Ms. Timian stated that a contractor

was consulted about that method but would not warranty the workmanship of such a method.

Motion passes unanimously.

c. Action Items-Other

i. Approval of Catalina Re-grassing

Mr. Pilster moved, seconded by Ms. Ayer, to approve the re-grassing of the Catalina Nine in 2012 and to authorize Management to spray out the necessary areas on the Catalina Nine in August 2011. (See Presentation titled "Catalina Nine Re-grassing Proposal", dated January 25, 2011).

Discussion by Board: Ms. Ellison asked and received confirmation that a vote to approve the Catalina Nine regrassing was not a vote to authorize Desert Reflections as the Contractor.

Motion passes unanimously.

Mr. Bowers then opened up discussion and comments from the audience. The following residents/guests spoke: Mr. Gary Hammond (Unit 19), Mr. Clark Hall, Chairman Golf Committee (Unit 21).

ii. Approval of Desert Reflections as Tucson/Catalina Nine Contractor

Mr. Devereaux stated that the Board had three options:

1. Approval of Desert Reflections which was the recommendation of Management (See Presentation titled "Approval of Desert Reflections as General Contractor for the Tucson and Catalina Grassing and Course Renovations", dated January 25, 2011)
2. Walk another contractor through the golf course with the project description
3. Hire an architect and other consultants to formally bid out the project

Ms. Ellison asked whether permits would be required for any of the project. Mr. Devereaux stated that he had asked the engineering firm of MLW to review the proposed work and that a permit may be required if some of the areas were within the jurisdiction of the Army corps of Engineers and that it was also possible that some county permits would be required.

Ms. Ellison asked, if the Board was to follow Management's recommendation who would be responsible for seeing that all necessary permitting and other compliance was met and Mr. Devereaux confirmed that it would be Management's responsibility and that Management would request that the Board retain any necessary engineers and other consultants should the need arise in Management's judgment.

Ms. Ellison requested Mr. Taylor to comment on the work he had done to assess the competitiveness of the pricing for the project. Mr. Taylor stated that he had been shown the worksheets used by staff to evaluate the amount of labor and materials to be used for each element of the project and he expressed the view that the staff had the expertise to make this evaluation. The worksheets also showed the unit prices for the labor and materials and he had been assured that these had been carefully agreed to the SaddleBrooke 9 unit pricing. Based on this Mr. Taylor stated that he was satisfied that the staff had done sufficient work to form a valid opinion that the pricing was competitive. Mr. Pilster suggested a phrase be included in the contract, stating "to the best of their knowledge they are unaware of any governmental codes, ordinances or laws which this project would violate."

Ms. Ellison moved, seconded by Mr. Taylor, to allow Management to engage into contract negotiations with Desert Reflections for Desert Reflections to be the approved general contractor for the re-grassing and renovation work on the Tucson Nine only in 2011. Vote was taken with Ms. Ellison, Ms. Hynes and Mr. Taylor in favor and Mr. Bowers, Mr. Pilster, Mr. Lund and Ms. Ayer opposed. Motion does not pass.

Discussion by Board regarding pricing of the Catalina Nine Project. Mr. Robison stated that he could not guarantee whether he would be able to hold pricing on the Catalina Project to the same pricing as the SaddleBrooke/Tucson project beyond the Board meeting date.

Mr. Pilster moved, seconded by Ms. Ayer, to allow Management to engage into contract negotiations with Desert Reflections for Desert Reflections to be the approved general contractor for the re-grassing and renovation work on the Tucson Nine in 2011 and the Catalina Nine in 2012 with the right to terminate the contract for reasonable cause. (See Presentation titled "Approval of Desert Reflections as General Contractor for the Tucson and Catalina Grassing and Course Renovations", dated January 25, 2011). Vote was taken with Mr. Bowers, Ms. Hynes, Mr. Lund, Mr. Taylor and Ms. Ayer in favor and Ms. Ellison opposed. Motion passes with a vote of six (6) to one (1).

Mr. Bowers then opened up discussion and comments from the audience. The following residents/guests spoke: Mr. Gary Hammond (Unit 19), Mr. Clark Hall, Chairman Golf Committee (Unit 21), Mr. Steve Robison (President, Desert Reflections).

Mr. Lund moved, seconded by Ms. Hynes to adjourn the meeting.

Meeting was adjourned by Jack Bowers at 4:40pm.

Jo Ann Ellison, Board Secretary

Date