

Memo For Record

November 7, 2007

To: Bob Frank, SCA CAI Director

From: Tom Stebbins, SCA Homeowner

Subject: Failure of SCA Boards to collect \$1.375 Million of Co-Gen funds (plus \$100,000 interest)

See the attached copy of a letter to Sun City Anthem homeowners dated July 14, 2003 from Del Webb (signed by then President of Del Webb, Chris Haines) SCA homeowners. That letter commits Del Webb to provide \$1,375,000 to build one or more co-generation energy facilities (to support Recreation Centers 1 & 2). Any unused portion of that money would be provided to SCA for deposit in the SCA Reserve Fund.

The commitment goes on to state that should the co-generation facilities not be built for any reason, the full amount of \$1,375,000 will be provided to SCA for deposit in the SCA Reserve Fund at transition--which was completed on May 31, 2005.

Del Webb decided prior to the 2005 transition date that the Co-Gen plant was not financially feasible, and that it would not be constructed. Information available indicates that the cost of the plant and the operating costs would have greatly exceeded the budgets. Therefore, the issue of a co-generation plant has been dead for many years, but none of that money was delivered to SCA for its SCA Reserve Fund--as clearly agreed.

At the meeting of the Finance Committee on November 6, 2007, I asked, where is the Co-Gen money at this time? After a pause, Roz Berman, Treasurer of SCACAI, said the money had not been delivered by Del Webb/Pulte. I asked how can that be possible, since the money was promised to be delivered to SCA for our Reserve Fund over two and a half years ago?

Roz Berman stated that the Board had not asked for payment, and that an "Informal Agreement" had been done concerning this money. I asked where I could view the documentation covering this agreement. Roz Berman stated that it was an "Informal Agreement", and she said that means there was no documentation. Since Roz Berman was serving on the SCA Finance Committee at time of Transition, I have to believe she participated in the decision to not demand the payment.

Mike Dixon also commented at some length, but he did not answer my question. When I reminded him that he had not answered my question about why SCA has not received the funds into our Reserves, Mike directed me to ask the President of Del Webb/Pulte to find out.

This situation is flagrantly illegal--as well as improper. If the agreement had been legally amended, the revised terms and conditions must have been properly negotiated, the proposed changed noticed to the homeowners, and the final agreement decided after a formal board resolution. Clearly, none of that has not been done, and no past verbal agreement is binding on our association.

Unfortunately, this appears to be some kind of Board conspiracy and cover up to not require Del Webb/Pulte to pay this \$1,375,000 plus at least \$100,000 of interest. This is a very serious matter.

Tim Stebbins