

Co-Gen: Bait and Switch

A disturbing budgetary "bait and switch" offering appears to be in the making. As previously mentioned, this is a sort of "now you see it, now you don't" slight of hand trick, but in this instance, the amount of \$1.375 million disappears.

Mr. Troia announced that the Pulte-promised \$1.375 million for our (admittedly depressed) reserve account was not in the 2007 budget. How come? This amount should be in the 2007 budget since there will be no Cogeneration operations in place at the third recreation center. How do we know that? We know that because Favil West told us so.

What is Cogeneration? It's important to understand what Cogeneration is and what it is not. Cogeneration has a specific meaning and is a well understood term in the power industry. It is the use of a heat engine, like a gas or jet turbine engine as Mr. West has explained to us over the years, or a power station to simultaneously generate both electricity and useful heat.

What Cogeneration is not are solar panels. This is a very important distinction since we have a written agreement, a contract if you will, with Pulte on this very matter. Here is what that 2002 agreement specifies, as signed by then Del Webb Nevada Communities General Manager Chris Haines, May 1, 2002:

Co-Generation Plant: *"Del Webb will fund up to \$1,375,000 for the development and construction of a co-generation plant to supply hot water and electrical power to the Anthem Center and associated amenities and, if practical, for the satellite amenities as well. Any monies remaining after the construction of said facilities will be donated to the Sun City Anthem Community Association reserve fund at the transition from Developer control to resident control. If the co-generation plant proves to be unfeasible, the entire amount will be donated to the reserve fund at transition. This money is in addition to any money normally required to be deposited by statute."*

The agreement and language could not be more clear. Either there is or there is not constructed "a co-generation plant." There are no ifs, ands, buts or howevers to interpret or consider. Since the plant will not be constructed, the question is why did the 2007 budget not plan for the receipt of the \$1.375 million?

The short answer is that the Finance Committee was told not to show that amount as future income to the Association. How could that be? Don't we have a binding agreement with Del Webb/Pulte on the disposition of those funds? Apparently not! When is a deal not a deal? Answer: When the deal involves \$1.375 million!

And, emphatically "No," Mr. West the agreed upon deal was not for solar panels as an alternate to Cogeneration. If Pulte subsequently decides to place solar panels on the third recreation center, fine. But that act should in no way mean

that the \$1.375 million belongs in Pulte's construction pocket rather than in the Association's reserve account. Or does it?

Has Favil West made a new and undisclosed deal with the Developer on this matter?

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