



# MEMORANDUM

**Date:** January 12, 2008  
**To:** Board of Directors  
**From:** Jeff Ziegler, General Manager  
**Subject:** Renovation Update

As is often the case, the period from mid-December through the end of the year, is difficult to keep consultants in the construction industry focused on pending projects since contractors and sub-trades typically break for the holiday. This leaves us little significant to report until our meeting with architects and contractors began again after the first of the year.

Before the close of 2007 we did make a sizable down payment on kitchen equipment in the amount of \$74,857 as a 35% deposit to protect us from projected increases in stainless steel products of between 15-20% in the first quarter of the year. We also anticipate this week to install our new digital phone system, which is part of the budget voice/data costs for the Phase II Clubhouse renovation. As reported earlier through the Finance Committee, last Fall it seemed prudent to take advantage of this new technology rather than continuing to limp along with the antiquated system that was 10 years old.

Our architects have been communicating through 4 renditions of comments toward obtaining the building permit for the kitchen expansion and the Grill patio. This permit should be issued within a matter of days. Also the architect has continued to complete the Phase II construction drawings in order to provide another comment set of construction drawings to both G & J Development and HHHOA. These were received on Friday afternoon, January 11<sup>th</sup>. We both have one week to return comments to Intertech. We plan to meet with both Intertech and G & J on Tuesday, January 22<sup>nd</sup>, to review a final budget estimate from G & J. If these numbers are acceptable, then they will be incorporated into a negotiated AIA contract that the Executive Team will present for Board approval. At this moment we expect the budget to be inclusive of bonding cost and a construction contingency figure. It would be our recommendation for the Board to be prepared for a Special Meeting near the end of this month to consider the contract award for Clubhouse renovation Phase II. If the Board does not find the negotiated contract from G & J acceptable, then we will proceed immediately for competitive bids and we will pay G & J \$7,000 for their preconstruction services.

Having the kitchen expansion and patio permit issued separately from the balance of the project will permit construction to beginning in February in these areas. The balance of the Phase II project is in plan review with the Town of Marana. We are finding the plan review process at the Town of Marana moves very slowly. This has prompted us to consider requesting the Town of Marana to use outside agencies to perform a plan check on this particular tenant improvement project. Remember we still plan to close the Grill and ballroom during June and July 2008; therefore, tentative project calendars are being built around those firm dates. Our best case scenario for the release of the complete Phase II building permit would be April 1, 2008, allowing us to totally complete this project by November 1<sup>st</sup>.

The Executive Team has had several conversations regarding the possible value of hiring a project manager for HHHOA to help oversee construction of Phase II. We are concerned that the complexity of this project could easily consume too much time from our Maintenance Supervisor and the General Manager. At this point in time, we feel 20 hours per week would be sufficient and I have held discussion with two potential candidates for this position. We have not yet broached the subject of fees for the project manager and how much money would be taken from the renovation project to pay for the unbudgeted expense.

The review of furniture samples and quotes has also been given attention of late. Although HHHOA has worked with a designer from Intertech on the furniture in question for some time, we are checking prices against other sources to insure the community is getting the best bang for the buck in this regard.