

CIT and FT Meeting with Jim Leach  
Saturday, April 2 2005, 9 – 11:30 a.m.

Facilitator: Susan Hyne  
Notetaker: Judy Thomas  
Vibes Watcher: Quenton Johnson

Agenda:

1. Discussion of self-insured retention amount in community wrap insurance policy
2. Discussion of work needed to be complete before “end of construction”

Christine gave an overview and background of the purchase of the Owner Controlled Insurance Policy (OCIP) purchased by SC members in 2003. In brief,

- Purpose of the policy is to cover structural defects by contractor and sub-contractors extending past 2 year warranty
- Policy runs 10 years
- Contains a self insured retention (SIR) (functions similar to a deductible) of \$75,000 per each “root cause” defect. That is, similar problems (e.g. leaking roofs) can be aggregated as one occurrence to meet \$75,000, but dissimilar problems would be deemed separate occurrences.
- Community assumed responsibility for \$75,000 SIR per 2003 decision log

Issue: High SIR is to mitigate potential frivolous lawsuits. However, community is concerned that serious defects recently discovered may not be addressed properly before the end of construction. Although agreement was reached in 2003, liability was not disclosed to subsequent homeowners at the time of purchase. A proposal was made that other SC partners assume some part of \$75,000 SIR.

After lengthy discussion, group decided to move on to the second topic of the definition of “end of construction” and the concerns about remaining repairs to community property.

Christine distributed an agreement with a list of tasks that the community (as represented by CIT, FT and GT) believes must be satisfactorily addressed before the Stone Curves COA assumes responsibility of ongoing maintenance. CIT and FT had reviewed list previously.

Jim Leach stated his commitment to making sure that repairs are “done right”. He agreed that the list was “reasonable” and that CIT should be satisfied with the final product.

There was a discussion of language modifications need to the agreement to clarify the intent. The agreement was amended to reflect concerns. The final agreement (see below) will be signed at the CIT on Sunday, April 3, 2005.

Concerns about the funding of the SIR will be lessened assuming all repairs are completed per the agreement. Christine asked that the Partnership consider purchasing a bond to cover the SIR and this possibility is being investigated.

Jim also gave some estimates of community portion of profit share (about \$350,000). This number will not be final until the end of construction and specific funds have already been earmarked.

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Stone Curves Community Agreement to define “final completion” of project.

Whereas Stone Curves COA will assume responsibility for maintenance of the project at the point of "final completion," the undersigned agree that "Final Completion" means that the entire project meets industry standards for construction, as well as the definition of "Final Completion" in the AIA documents.

This includes successful completion of the following work:

1. All plumbing repairs identified on forensic plumbing report have been successfully completed and deemed satisfactory after re-inspection. Corrections to be accepted by Ivey Engineering or a comparable firm approved by the Construction Interface Team (CIT).
2. All roof repairs completed. Receipt of satisfactory inspection reports by a licensed inspector/contractor of CIT's choosing.
3. All exterior punch items as submitted by Howard Jaeger, Howard A. Jaeger Construction Consulting, to CIT and RBI. Completed and deemed satisfactory after inspection by CIT.
4. East-west mason backyard wall, dividers and gates (as requested) for buildings 7 and 9 completed. Completed and deemed and deemed satisfactory by CIT.
5. All interior punch work satisfactorily completion in buildings 1, 2, 3, 4, 7, 8, 9, 10 and Common House plus significant interior punch in buildings 5 & 6 with only minor interior punch items in buildings 5 & 6 remaining. Owners in buildings 1, 2, 3, 4, 7, 8, 9, 10 to have signed off on 60 day punch forms, which are submitted to James Hamilton. Completed signed forms (or copies) to be provided to CIT for approval.
6. Completion of all agreed to landscape elements, irrigation lines, and fixtures.  
Completed and deemed satisfactory by the Green Team.
7. Final inspections and approval by City of Tucson of all items completed in all buildings. Full Certificate of Occupancy granted to all buildings.
8. Copies of release of all liens by RBI and subcontractors provided to Finance Team (FT).
9. Copies of release of all bonds to be provided to FT

Jim Leach, Wonderland Hill Development Corporation \_\_\_\_\_  
Date \_\_\_\_\_

Matt Conley, Point-person for Construction Interface Team  
\_\_\_\_\_  
Date \_\_\_\_\_

Christine Johnson, Point-person for Legal and Finance  
Team \_\_\_\_\_  
Date \_\_\_\_\_