



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS was held on Tuesday, February 28, 2017 at West Center. The President being in the chair and the Secretary being present.

**Directors Present:** Joe Gunton (President), Tony Zabicki (Vice-President), Jim Nelson (Secretary), Vicky Mournian (Treasurer), Bob Allen (Assistant Treasurer), John Arnold, Lance Heise, Richard Kidwell, Don Lathrop, Barb Mauser, Kathy Palese, Kent Blumenthal (non-voting)

**Absent:** Leslie Shipley

**Staff:** Jim Conroy (COO), Cheryl Moose (CFO), Jen Morningstar (Executive Office Manager), David Jund (Facilities Director), Nat Whitman (Communications Specialist), Karen Miars (Administrative Assistant),

**Visitors:** 50

**I. Call to Order / Establish Quorum**

President Gunton called the meeting to order at 1:30 MST.  
Roll call by CEO Blumenthal; Quorum established.

**II. Adopt Agenda**

**MOTION: Kidwell / Seconded. Adopt Agenda**  
**Passed: unanimous.**

**III. Consent Calendar**

**MOTION: Allen / Seconded. Approve Consent Calendar, as presented:**  
**Passed: unanimous.**

**IV. President's Report**

President Gunton read the following report:

During a recent meeting with members of GVR, I said that we would re-look at our Vision Statement that supports our Long Range Plan and that we should consider again conducting a survey of members. I believe it is important to consider these tools in a broad context of good governance.

Upon reflection, as GVR nears the end of the five-year strategic plan adopted in 2013, we have an excellent opportunity to review our progress toward the objectives outlined in that plan and begin the process of developing new objectives for the coming years. With that opportunity in mind, I have the following recommendations for our next governance board:

- First, establish a task force to begin framing up the next five-year strategic plan
- Second, consider the merits of developing an organizational values statement
- Third, survey the membership again with an aim toward:
  - incorporating member views in a Values Statement
  - referencing the member-influenced Values Statement when determining how long-range

planning suggestions within WSM Architect's 2016 report should be integrated in the five-year strategic plan

- examining the current Vision and Mission Statements against the Values Statement and presumed objectives of the five-year strategic plan
- making any needed improvements to these governance tools in that broader context

I believe that these tools, if thoughtfully developed to ensure they are cohesive and complementary, will provide a clear roadmap for staff and board for years to come. I encourage the new Board to address these issues early in their leadership positions as Directors, **and where necessary, outsource tasks associated with them to an independent, impartial expert to complete.** As Directors, we are charged with ensuring that GVR is a sustainable organization well into a future that will certainly present evolving interests and challenges. It is not this or the next board's job to read tea leaves or otherwise predict those interests and challenges, but to lay a complete and sturdy foundation upon which future boards and staff can build a member-responsive organization. Now it is time to take this next step to ensure GVR is building on a solid foundation of values, vision, mission and goals.

#### V. **CEO Report:**

CEO Blumenthal read a statement highlighting recent progress on former Nursery property acquisition and re-zoning and Pima County owned property.

Blumenthal also reported pm Pima County Outreach to GVR Regarding County-owned PCC & CPAC Facilities in Green Valley

- In January 2016, Pima County Administrator, Chuck Huckelberry invited GVR to join him in a focused discussion between the County, CPAC and Green Valley Recreation, Inc. regarding a future operating model for CPAC.
- In January 2017, County Administrator, Huckelberry sent correspondence to newly-elected Pima County Supervisor (District 4), Steve Christy encouraging Mr. Christy to broach a potential partnership between GVR and the CPAC Foundation that could lead to the publically-constructed facilities in Green Valley being put to better and more extensive use. A meeting between the parties has not yet happened.
- If I may, let me read you County Administrator Huckelberry's response to individuals who write to him about this issue:

*Dear ,*

*I appreciate your letter regarding the Community Performance and Arts Center (CPAC).*

*Our goal in having the CPAC Foundation and Green Valley Recreation (GVR) discuss this issue is to increase utilization of the public assets constructed by County taxpayers. We do not wish to displace the CPAC Foundation; we are simply examining how best to use a public asset.*

*Nothing will occur regarding any reduction in CPAC's use of the facility, nor will anyone be turned away if GVR chooses to locate in, operate or lease the facility.*

*We will continue to discuss the options with both organizations and are hopeful an agreeable solution can be reached to preserve the activities of both parties while improving the utilization of this public facility.*

*Sincerely,*

*Chuck Huckelberry  
County Administrator*

- GVR is not driving this bus. We did not reach out to Pima County, the County reached out to us because GVR has a good reputation for managing its assets well and for delivering high-quality programs and services to our members. Our members represent over 75% of all Green Valley residents.
- Yes, with the Board's endorsement and encouragement, GVR is interested in having the conversation with the County and the CPAC Foundation. Why? Because partnerships that bring a greater good to all parties, including GVR members is important to us.
- There are five (5) Focus Areas in GVR's Five-year Strategic Plan adopted in September 2013 to continue through 2018. Focus Area #4 is: Partnerships. The two goals for Focus Area #4 are:
  1. Create a minimum of two new working partnerships each year.
  2. Enhance benefits to GVR members through partnerships.
- I am pleased to report that GVR has pursued with zeal public and private partnerships both within and without the Corporation. Largely these partnerships have benefited all parties involved. GVR partners include the Green Valley Council, the Green Valley/Sahuarita Chamber of Commerce, the Greater Green Valley Community Foundation, Freeport Mac Moran, the Green Valley Fire District, the Green Valley Economic Development Management Team, the "From insufficiency to Self-sufficiency" coalition and others.

## **VI. New Business**

### **A. Proposed GVR Insurance**

**MOTION: Nelson / Seconded. Authorize the CEO to pursue GVR agency or employee licensure and negotiate terms of agreement between GVR and Lovitt & Touché, Inc. to establish a full-service personal lines insurance program for GVR members at competitive rates, with negotiated terms of agreement subject to Board review and final approval.**

**Passed: unanimous**

### **B. Proposed Cardio Spark "Heart Safe Community" Endorsement**

**MOTION: Gunton / Seconded. Endorse the CardioSpark research project of The Arizona Center for Accelerated Biomedical Innovation (ACABI) at the University of Arizona in support of establishing 'heart-safe' communities in Green Valley; further, assist ACABI in conducting the study, including recruiting Home Owner Associations (HOAs) and their respective HOA residents as volunteer research study participants.**

**Passed: unanimous**

**VII. Standing Committee Reports**

**A. Fiscal Affairs** – Director Mournian At the last FAC meeting we began discussion on the end of year excess revenue and asked Cheryl to advise us of the total. I am going to ask Cheryl to address this so that we can see where this excess comes from, how it will be disbursed and what will be the final amount that our committee will be discussing at our next meeting in regard to allocation. It is also important to know that the FAC will follow the CPM and the Reserve Policy to advise the Board on the allocation of any excess.

Last month I spoke about how GVR will handle the funding for the 10-year plan and will re-iterate that there will be no special assessment. The main projects will be funded from either the Capital Repair, Replacement and Maintenance fund for existing items or the Capital Initiatives fund for new items. These funds remain strong at approximately \$5M and \$2M respectively at December 31<sup>st</sup> 2016 before any adjustments from the Auditor. It is also to be noted that any projects must have the funds available before they can begin. The final Audit report for 2016 will be presented to the Board and membership at our Annual meeting on March 28<sup>th</sup> at 9am in the West Center, I do hope that you will attend.

There have been comments about the 2017 budget which I would also like to address. Please remember that budgets are estimates based on the information available at the time of preparation. The recent annual membership fee increase of 2% was based on a 1.7% CPI and then rounded to eliminate odd cents. The estimated 2017 annual membership dues fund 62% of the operating expense budget – this is \$62 of each \$100. When looking at the total operating and capital expense budget for 2017 the annual dues fund 56% – this is \$56 of each \$100. The balance of the budget income comes from non-dues revenue such as classes, performing arts and New Member Capital Fees, so any excess revenue at the end of the year would be attributed to this source. Without this non-dues revenue we would need to raise the dues by a considerable amount just to keep GVR where we are now.

Considering the changes that have been put in place by the Dept. of labor regarding wage classification and the cost savings found by the CFO the difference between the 2016 budget and the 2017 budget is an increase of 8.5%. This is considerably less than what was envisioned at the start of the budget development process and I commend the CFO for her diligence in this area.

I hope that this has helped to explain how FAC and the Board work together to make sure that we do the very best we can to preserve, maintain and protect the investment that we all have in our community of GVR.

**B. Planning & Evaluation** – Director Arnold club requests in the amount of less than \$2,500 are due tomorrow. Anticipate members will be polled on their preferences for long-term plans. When the order is identified, we have the opportunity to work with GVR Foundation to help fund long-term plans

**C. Nominations & Elections** – Director Allen reported 2017 election is under way, and gave a summary of progress thus far.

**D. Board Affairs** – no report

**VIII. Ad Hoc Committee Reports**

**A. Investment Committee** – no report

**IX. Member Comments: 8**

**X. Adjournment**

**MOTION: Nelson / Seconded. Adjourn meeting at 3:00pm MST.**

**Passed: 10 yes / 0 no / 1 abstain (Gunton)**

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Jim Nelson  
Secretary

Date

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Jen Morningstar  
Manager, Executive Office

Date



Green Valley Recreation, Inc.  
Statement of Financial Position  
As of Date: 2/28/2017  
**DRAFT**

	Current Year	Prior Year
<b>Assets</b>		
Current Assets		
Cash/Cash Equivalent	2,276,777	1,524,492
Accounts Receivable	574,161	420,679
Prepaid Expenses	158,487	113,890
Edward Jones Investments	11,930,746	11,493,212
Current Assets	<u>14,940,171</u>	<u>13,552,273</u>
Fixed Assets		
Contributed Assets	17,593,785	17,593,785
Purchased Assets	16,364,674	15,083,332
Less: Accum. Depreciation	(17,704,692)	(16,538,141)
Fixed Assets	<u>16,253,767</u>	<u>16,138,976</u>
Other Assets		
Other Assets	<u>0</u>	<u>0</u>
<b>Assets</b>	<u><u>31,193,938</u></u>	<u><u>29,691,249</u></u>
<b>Liabilities &amp; Net Assets</b>		
Liabilities		
Current Liabilities		
Accounts Payable	141,666	162,732
Deferred Dues & Fees	6,005,619	5,329,294
Deferred Programs	193,133	188,143
Current Liabilities	<u>6,340,418</u>	<u>5,680,169</u>
Liabilities	<u>6,340,418</u>	<u>5,680,169</u>
Net Assets		
Unrestricted Accumulated Net Assets	16,352,628	16,103,836
Temp Restricted - Board Designated for Operations	789,898	789,366
Temp Restricted - Board Designated for Capital Re	5,137,266	4,778,289
Temp Restricted - Board Designated Initiatives	2,005,283	2,069,845
Retained Earnings	568,445	269,744
Net Assets	<u>24,853,520</u>	<u>24,011,080</u>
<b>Liabilities &amp; Net Assets</b>	<u><u>31,193,938</u></u>	<u><u>29,691,249</u></u>

DRAFT-FOR INTERNAL DISCUSSION PURPOSES ONLY



**RESERVE REPORT**  
**As of February 28, 2016**  
**DRAFT**

<b>Capital Replacement Reserve Fund-Temporarily Restricted</b>	<b>Beg. Bal.</b>	<b>5,137,266</b>	
Contributions-Feb 2017		152,400	
Interest		15,539	
	<b>Ending Balance</b>		<b>5,305,205</b>
 <b>Initiatives &amp; Innovation Reserve Fund-Temporarily Restricted</b>	 <b>Beg. Bal.</b>	 <b>2,005,283</b>	
Interest		12,355	
	<b>Ending Balance</b>		<b>2,017,638</b>
 <b>Operating Reserve Fund-Temporarily Restricted</b>	 <b>Beg. Bal.</b>	 <b>792,138</b>	
Interest		886	
Fees		( 950 )	
	<b>Ending Balance</b>		<b>792,074</b>
	 <b>Reserve Fund Totals</b>		 <b><u><u>8,114,917</u></u></b>



GREEN VALLEY RECREATION, INC.

**Green Valley Recreation, Inc.**  
**Statement of Activities**  
**Monthly Report: 2/1/2017 - 2/28/2017**  
**YTD Period: 1/1/2017 - 2/28/2017**  
**FY Budget Period: 1/1/2017 - 12/31/2017**

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	Monthly Report Actual	Monthly Report Budget	Monthly Report Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
<b>Revenue</b>								
1 Member Dues	548,123	544,978	3,145	1,094,088	1,091,900	2,188	6,541,680	5,447,592
2 Life Care, Transfer, Tenant & Add'l Card Fees	27,922	55,965	(28,043)	202,448	111,930	90,518	671,580	469,132
3 Facility Rent	1,032	3,000	(1,968)	2,044	6,000	(3,956)	21,000	18,956
4 Programs	64,356	59,567	4,789	118,141	118,734	(593)	341,401	223,260
5 Instructional	78,590	74,170	4,420	170,190	162,730	7,460	352,165	181,975
6 Advertising Income	2,013	4,000	(1,987)	8,133	8,000	133	48,000	39,867
8 Communication	4,740	0	4,740	9,480	0	9,480	54,504	45,024
9 NMCF/Initial Fees	147,925	177,386	(29,461)	278,181	356,772	(78,591)	2,130,632	1,852,451
12 Interest Income	53,796	17,925	35,871	58,853	35,850	23,003	215,100	156,247
13 Other Income	5,902	2,000	3,902	15,937	4,000	11,937	24,000	8,063
14 Marketing Events	0	0	0	275	0	275	0	(275)
<b>Revenue</b>	<b>934,399</b>	<b>938,991</b>	<b>(4,592)</b>	<b>1,957,770</b>	<b>1,895,916</b>	<b>61,854</b>	<b>10,400,062</b>	<b>8,442,567</b>
<b>Expenses</b>								
17 Wages, Benefits, Payroll Expenses	340,706	356,338	15,632	640,094	733,176	93,082	4,560,134	3,920,040
18 Commercial Insurance	15,490	16,700	1,210	30,822	33,400	2,578	200,400	169,578
19 Conferences & Training	235	5,210	4,975	3,417	13,720	10,303	79,053	75,636
20 Recreation Contracts	125,173	134,150	8,977	221,183	260,917	39,734	688,429	487,246
21 Supplies	6,367	31,752	25,385	19,777	63,753	43,976	375,325	355,548
22 Advertising	1,141	1,250	109	1,141	2,500	1,359	15,000	13,859
23 Bank & Credit Card Fees	24,692	10,417	(14,275)	57,918	20,834	(37,084)	81,004	23,086
24 Professional Fees	4,790	24,000	19,210	12,127	49,001	36,874	285,504	273,377
25 Postage	1,000	6,020	5,020	1,567	8,040	6,473	38,240	36,673
26 Printing	0	9,020	9,020	0	10,040	10,040	68,990	68,990
27 Utilities	80,499	90,057	9,558	162,284	180,114	17,830	1,080,684	918,400
28 Communications	5,064	707	(4,357)	10,006	1,414	(8,592)	96,280	86,274
29 Taxes	0	0	0	0	0	0	14,700	14,700
30 Furniture & Equipment	8,199	12,302	4,103	16,045	42,829	26,784	143,049	127,004
31 Vehicles	5,315	6,250	935	9,186	12,500	3,314	75,000	65,814
32 Information Technology	5,641	1,850	(3,791)	6,339	103,700	97,361	134,750	128,411
33 Facility Maintenance	18,531	62,012	43,481	25,531	125,984	100,453	562,134	536,603
34 Major Projects-Repair & Maintenance	2,511	17,822	15,311	9,543	29,345	19,802	459,252	449,709
35 Unrealized gain/loss on Invest.	(76,744)	0	76,744	(97,760)	1,000	98,760	4,000	101,760
36 Fees & Assessments	2,982	4,225	1,243	4,088	10,850	6,762	75,150	71,062
37 Dues & Subscriptions	1,524	125	(1,399)	2,522	4,250	1,728	9,200	6,678
38 Food & Catering	2,760	3,442	682	6,978	8,883	1,905	52,500	45,522
39 Travel & Entertainment	2	1,500	1,498	3,256	5,500	2,244	24,000	20,744
40 Other Operating Expense	2,614	5,539	2,925	3,741	11,078	7,337	77,854	74,113
41 Provision for Bad Debt	3,131	2,000	(1,131)	13,383	4,000	(9,383)	24,000	10,617
42 Depreciation	113,067	111,500	(1,567)	226,134	223,000	(3,134)	1,338,000	1,111,866
<b>Expenses</b>	<b>694,690</b>	<b>914,188</b>	<b>219,498</b>	<b>1,389,322</b>	<b>1,959,828</b>	<b>570,506</b>	<b>10,562,632</b>	<b>9,173,310</b>
<b>Excess or (Deficiency) of Revenue Over Expenses</b>	<b>239,709</b>	<b>24,803</b>	<b>214,906</b>	<b>568,448</b>	<b>(63,912)</b>	<b>632,360</b>		





## Green Valley Recreation, Inc.

### Variance Report

Monthly Report: 2/1/2017-2/28/2017

Row	Revenue	Year-to-Date	Budget	Variance	% Variance
2	Life Care Fees	18,867	3,500	15,367	81.45%
	Guest Card Fees	36,385	12,500	23,885	65.65%
	Tenant Fees	79,120	33,334	45,786	57.87%
9	New Member Capital Fees	266,506	346,772	(80,266)	-30%
12	Interest Income	58,853	35,850	23,003	39%
13	Other Income	15,937	4,000	11,937	75%
	<b>Expense</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
17	Wages	487,823	534,197	46,374	10%
	Payroll taxes	32,242	48,167	15,925	49%
	401(k) Match	16,267	28,877	12,610	78%
	Employee Recognition	136	5,540	5,404	3974%
19	Conferences & Training	3,417	13,720	10,303	302%
20	Recreation Contracts	221,183	260,917	39,734	18%
21	Supplies	19,777	63,763	43,986	222%
23	Bank & Credit Card Fees	57,918	20,834	(37,084)	-64%
27	Professional Fees	12,127	49,001	36,874	304%
30	Furniture & Equipment	16,045	42,829	26,784	167%
32	Information Technology	6,339	103,700	97,361	1536%
33	Facility Maintenance	25,531	125,984	100,453	393%

More Lifecare Fees than budgeted  
 More Guest Cards purchased than budgeted  
 More add'l Cardholder cards purchased  
 Fewer home sales closed than budget  
 More late fees on dues than budget  
 More Dues Payment Plan fees than budget  
 Wages lower than budget due to open positions  
 Lower payroll taxes due to lower wages  
 Lower 401(k) participation  
 Less employee recognition than budgeted  
 Trainings scheduled for later in 2017  
 Timing variance on performances  
 Computer Hardware for Perfect Mind  
 Most CC transactions occur in January  
 Legal & P.R. Fees less than budgeted  
 Equip maint & new furniture under budget  
 IT expenses related to Perfect Mind  
 Facility assessments done in January to plan