



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, August 29, 2017 at West Center, the President being in the chair and the Secretary being present.

Directors Present: Jim Nelson (President), Kathy Palese (Vice President), Lance Heise (Secretary), Bob Allen (Treasurer), Donna Coon (Assistant Secretary), Roger Myers (Assistant Treasurer), Carol Crothers, Don Lathrop, David Messick, Denise Nichols, Kent Blumenthal (CEO)

Directors Absent: Tom Sadowski, Tim Stewart

Staff: Jim Conroy (COO), Cheryl Moose (CFO), Jen Morningstar (Executive Office Manager), David Jund (Facilities Director), Nat Whitman (Communications Specialist), Karen Miars (Administrative Assistant), Randy Cheatham (IT Director), Conal Ward, Melanie Stephenson, Aaron Young, Dan Freeman, Jesse King, Wayne Barnett, Kate McCormick, Shelly Freeman

Visitors: 19

I. Call to Order / Establish Quorum

President Nelson called the meeting to order at 1:34pm MST.
Roll call by CEO Blumenthal; Quorum established.

II. Adopt Agenda

MOTION: / Secinded. Adopt Agenda
Passed: unanimous

III. Consent Calendar

MOTION: / Secinded. Remove July 2017 Financial Statements from Consent Calendar, and Approve Consent Calendar as amended.
Passed: unanimous

IV. President's Comments

GVR's vision statement '*To be the preeminent destination of choice for active adults and retirees*' apparently has been an alarming thought for some members. It's easy for some of our members to find comfort wanting to retain Green Valley as the community it was when they moved here years ago. And now Green Valley is recognized nationally as being the most popular place to retire for 2017.

It's almost surprising how difficult change seems to come to some members. I feel like in their minds, these members understand that change is a major key to growth, but fight it nonetheless. You would think we would be used to change, that we'd embrace and enjoy it. We should, but we don't. It's not an easy task, but if you start to make yourself more flexible with our current situation and lifestyle, it becomes a lot easier.

One day I was at Posada Java enjoying a Latté and a person introduced themselves to me, having recognized me as a GVR Board member. We engaged in conversation and at one point he said he initially was opposed to our vision statement: being a *preeminent destination*. However, he admitted he opened himself to new experiences and ideas, which allowed him to see that this vision is key for the future of Green Valley. Mayberry RFD is in the past. He said sitting here today, I couldn't be happier about the future of Green Valley being the top place to retire.

So, I ask members who are skeptical of living in the nation's best place to retire; a preeminent destination...don't be afraid to move out of your comfort zone and open a new door. Don't get too comfortable in your current state. Allow change to have its effect.

It may be scary not knowing what lies ahead, but a lot of the time what comes after the fog is a whole lot of sunshine.

V. CEO Report

I would like to take a few minutes to acknowledge and recognize our friends in Texas impacted by hurricane Harvey. At the request of my colleague Boyd Faulknor, staff has taken the lead to learn how we may help. We will coordinate with World Care to act as donation drop-off locations for donations, and are in the process of coordinating with the Red Cross to schedule a blood-drive at GVR in the near future. We will keep you posted as our efforts progress.

VI. New Business

A. Nominations & Elections Recommendation for 2018 Election

MOTION: Heise / Seconded. GVR utilize electronic balloting and continue to utilize services of vendor vote-now.com in 2018

Passed: unanimous

B. Pilot Program Recommendation Dance & Social Clubs / Guests

MOTION: Palese / Seconded. GVR Board of Directors authorize the implementation of a policy that will allow Social Clubs, Dance Clubs and other clubs, recommended by the Board Affairs Committee and approved by the Board of Directors, to have non-GVR members attend their events.

Non-GVR members attending will pay a \$4.00 guest fee per person per event; and must sign a waiver. The club will remit the \$4.00 fee and a record of attendance to GVR club liaison for deposit in GVR account.

The Board Approved Clubs will have the opportunity to apply for a waiver of fees annually. Each year, the Board Affairs committee will review applications to determine if the fees are a hardship to the club requesting the waiver. Board Affairs Committee will review the application and make a recommendation to the Board of Directors. The club will be notified of the Board's decision.

Amend Motion: Coon / Seconded. Name the policy "Non-GVR Club Participant Policy"

Passed: unanimous

Amended Motion Passed: unanimous

C. LifeCare Users

MOTION: Palese / Seconded. Allow Life Care Users to continue to be involved with GVR clubs and committees, and to purchase guest cards by updating the Corporate Policy Manual as follows:

Section 2 – MEMBERSHIP

Subsection 2. GENERAL

B. Guest Policy

1. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant or Life Care User of GVR and who live outside a twenty (20) mile radius of established GVR boundaries. In general, guest cards are provided for visitors who are staying in a GVR household with the member or who are staying in a local commercial hotel as a guest of the member.

C. Life Care Privilege

6. Along with the following limitations, Life Care Users are subject to the same rules and regulations as all GVR Members.

7. Life Care Users are subject to the following:

- a) May not serve on the Board of Directors**
- b) May not vote for any governance issues.**
- c) Life Care Users may purchase guest cards following the same guidelines established for guests of any GVR Member.**

Passed: unanimous

D. Guest Card Task Force Recommendation

MOTION: Heise / Seconded.

Recommendations: Amend the CPM as follows:

REPLACE ALL CURRENT TEXT

Section II – Membership

Subsection 2. General, B. Guest Policy

...WITH THE FOLLOWING TEXT

Section II – Membership

Subsection 2. General, B. Guest Policy

- 1. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member or Tenant, or Life Care User of GVR and who live outside a twenty (20) mile radius of established GVR Boundaries. In general, guest cards are provided for visitors who are staying in a GVR household with the member or who are staying in a local commercial hotel as a guest of the member.**
- 2. Anyone residing a non-GVR property within the jurisdiction of the corporation is not an eligible guest.**

3. GVR Members may purchase an Annual Guest Card for a fee determined by the Board of Directors. GVR members may also purchase a second daily guest cards for an additional fee. Limit 2 one (1) Annual Guest Cards per household. The Annual Guest Card allows for an unlimited number of guests and guest visits. Daily Guest passes allow for unlimited number of guests on specific days only.
4. GVR Members who own more than one GVR property may purchase an Annual Guest Card(s) only for the property in which they reside.
5. No more than two one (1) Annual Guest Card may be purchased by an individual (s) owning GVR properties regardless of the number of properties owned.
6. Annual Guest Cards may not be purchased for properties which are tenant occupied. Tenants may purchase Daily Guest passes for a fee determined by the Board of Directors.
7. Annual Guest Cards are valid through the end of the calendar year (December 31). Annual Guest Card fees are not prorated.
8. Adult guests 18 years of age and older are required to have a valid guest card when visiting GVR facilities. Multiple guests visiting the same facility may use one their Annual Guest Card.
9. Guests under the age of 18 do not require guest cards and must be accompanied by a GVR-issued card-carrying adult.
10. Replacement of a lost or damaged Annual Guest Card s must be obtained at a GVR Member Services office. The fee for replacement cards is determined by the Board of Directors. Lost cards will be deactivated to prevent future use of the card. Damaged cards must be returned to a GVR Member Services office before a replacement card will be issued.
11. To accommodate members who have few guests within a year, a one day pass, per guest may be purchased for a fee determined by the Board of Directors. Day passes are limited to 14 days per guest per visit.
12. Tenants are not eligible to purchase Annual Guest Cards. Tenants with guests may purchase a day pass for each guest over the age of 18.
13. Guest cards are required for all general facility use and club activities. However, guest cards are not required for ticketed GVR events where guests pay a higher ticket price than the member price.
14. At management's discretion, guest usage of GVR facilities may be limited to non-primetime hours. Signage will be added to all facility gates reminding individuals that each person must swipe (or 'tap' for proximity cards) a GVR-issued ID Card. In addition, members and guests who abuse GVR ID card privileges may be subject to sanctions and penalties up to and including fines and/or loss of privileges, as determined by the Board of Directors. Rules governing board-authorized sanctions and penalties will be publicized to the general membership.
15. GVR stopped issuing Annual Guest Cards on a complimentary basis to new Single Member Households on March 1, 2016. Annual Guest cards offered on a complimentary basis to Single Member Households prior to March 1, 2016 (whereby the GVR member property remains a single member household) will continue to be issued,

provided that the affected GVR Member formally requests a Single Member Annual Guest Card each year. The formal request may be made any time during a calendar year and for each subsequent calendar year. Failure to request a card during a calendar year will result in forfeiture of the Single Member Annual Guest Card privilege for the GVR member. Cards are specific to a GVR member property and are not transferable to a new owner of the property.

16. Life Care Privilege - Life Care Users may purchase Annual Guest Cards and Daily Guest Passes following the same guidelines established for guests of any GVR Member.

Additional Recommendations

1. It is recommended that Annual Guest Card fees be set at \$60 per year, per card, effective FY 2018 (sales revenue for FY 2018 is forecast for all guest cards at \$75,000)
2. Daily guest fees remain at \$5 per day for FY 2018.
3. Establish a “proximity” daily guest card at a cost of \$7 per card that may be reused by the cardholder year-in and year-out (used like a debit card).
4. GVR will eliminate availability of a second guest card
5. GVR Board of Directors consider the new guest card policy and associated fees in 2018 with a mid-term review. Board approved modifications to the policy may be implemented in FY 2019.

**Amend Motion Crothers /No Second. Scratch item 15:
Motion did not carry.**

Passed: 9 yes / 1 abstain (Crothers)

E. Planning & Evaluation Committee Recommendations

1. Pickleball & Parks

MOTION: Lathrop / Seconded. Authorize the CEO to hire a consultant to determine development costs associated with prospective land parcels identified for the GVR Pickleball and Park Center funded by the Initiatives Reserve Fund, the cost not to exceed \$10,000.

MOTION TO AMEND: Myers / Seconded. Remove funded by the Initiatives Reserve Fund and replace with the funding source(s) to be determined by the Fiscal Affairs Committee.

Amendment Passed: unanimous

Amended motion: Authorize the CEO to hire a consultant to determine development costs associated with prospective land parcels identified for the GVR Pickleball and Park Center. Cost not to exceed \$10,000. Funding source to be determined by the Fiscal Affairs Committee.

Motion Passed: unanimous

2. Reserve Study Presentation

MOTION: Lathrop / Seconded. Develop an educational training PowerPoint and/or video presentation about Reserve Studies, not to exceed \$2,500, and completed by January 1, 2018, with funding sources determined by Fiscal Affairs Committee.

Accomplishing the following objectives:

1. Provides an overview of why Reserve Studies are important;
2. Explains how Reserve Studies work and why they are important to GVR Facilities Maintenance;
3. Describe GVR's Reserve Study and its relationship to GVR's three reserve funds (e.g., Maintenance Repair & Replacement Reserve, Initiatives Reserve and Emergency Reserve);
4. Include how GVR has implemented Reserve Study to include how they are funded, and how it appears in GVR financial reports. Further, refer this to the P&E Budget Liaison Subcommittee for an action plan to be completed no later than September 21, 2017.

Passed: unanimous

3. Adopt Three Year Capital Projects Plan

MOTION: Lathrop / Seconded. Authorize the P&E Committee to provide to the Board of Directors a three (3) year Capital Project Plan that is based on recommendations and information offered by the 2016 WSM 10-year strategic plan with analysis, engineering and design of projects within the 3-Year Capital Project Plan. Funding source(s) to be determined by the Fiscal Affairs Committee.

F. Member Comments at Board Meetings

MOTION: Nelson / Seconded. Experiment for two to three months with comment cards at Board of Directors meetings

Passed: unanimous

G. July 2017 Financial Statements

MOTION: Palese / Seconded. Accept July 2017 Financial Documents

VII. Committee Reports

- A. **Board Affairs** – Director Palese had no report
- B. **Fiscal Affairs** – Director Allen reported progress of Fiscal Affairs Committee
- C. **Nominations & Elections** – Director Heise reported the progress of N&E Committee
- D. **Planning & Evaluation** – Director Lathrop had no report
- E. **Investment Ad-Hoc** – Director Myers had no report
- F. **Blue Ribbon Committee Task Force** – President Nelson gave a report on the progress of BRC.

VIII. Member Comments: 10

IX. Adjournment

MOTION: Myers / Seconded Meeting Adjourned at 3:39pm MST.

Passed: unanimous



Lance Heise
Secretary

Date

Jen Morningstar
Manager, Executive Office

Date

The accompanying pages are the Financial Reports for August 31, 2017. The four statements are:

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.

Green Valley Recreation, Inc.
Statement of Financial Position



As of Date: August 31, 2017 and December 31, 2016

	<u>August 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current Assets		
Cash/Cash Equivalents	\$ 980,441	3,391,664
Accounts Receivable	174,439	101,599
Prepaid Expenses	236,096	155,699
Edward Jones Investments (@ Market)	11,179,192	8,155,208
Total Current Assets	<u>12,570,168</u>	<u>11,804,170</u>
Fixed Assets		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	17,278,153	16,346,148
Sub-Total	<u>34,871,937</u>	<u>33,939,933</u>
Less - Accumulated Depreciation	(18,472,900)	(17,591,625)
Net Fixed Assets	<u>16,399,037</u>	<u>16,348,308</u>
Total Assets	<u>28,969,205</u>	<u>28,152,478</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	242,469	298,985
Deferred Dues & Fees	2,183,862	2,818,640
Deferred Programs	124,804	287,896
Total Current Liabilities	<u>2,551,135</u>	<u>3,405,521</u>
TOTAL NET ASSETS	<u>\$26,418,070</u>	<u>24,746,957</u>
NET ASSETS		
Temporarily Restricted:		
Board Designated:		
Emergency	\$ 882,069	814,203
Maint - Repair - Replacement	5,815,361	4,984,427
Initiatives	1,541,485	1,933,302
Sub-Total	<u>8,238,914</u>	<u>7,731,931</u>
Unrestricted Net Assets	<u>18,179,156</u>	<u>17,015,026</u>
TOTAL NET ASSETS	<u>\$26,418,070</u>	<u>24,746,957</u>



GREEN VALLEY RECREATION, INC.

Statement of Activities Current Year - January to August 31, 2017

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
Revenue					
Member Dues	4,373,787	4,361,768	12,019	6,541,680	2,167,893
Life Care, Transfer, Tenant & Add'l Card Fees	541,727	447,720	94,007	671,580	129,853
Capital Revenue	1,748,772	1,421,088	327,684	2,130,632	381,860
Programs	240,335	217,734	22,601	341,401	101,066
Instructional	281,207	256,605	24,602	352,165	70,958
Recreation Income	521,542	474,339	47,203	693,566	172,024
Advertising Income	39,425	32,000	7,425	48,000	8,575
Communication	41,015	27,252	13,763	54,504	13,489
Communication Income	80,439	59,252	21,187	102,504	22,065
Investment Income	189,466	143,400	46,066	215,100	25,634
Other Income	18,083	17,000	1,083	24,000	5,917
Facility Rent	8,743	13,800	(5,058)	21,000	12,258
Marketing Events	275	-	275	-	(275)
Other Income	27,101	30,800	(3,699)	45,000	17,899
Total Revenue	7,482,835	6,938,367	544,468	10,400,062	2,917,227
Expenses					
Major Projects-Repair & Maintenance	196,967	402,557	205,590	459,252	262,285
Facility Maintenance	152,473	408,546	256,073	562,134	409,661
Fees & Assessments	12,018	47,650	35,632	75,150	63,132
Utilities	613,564	720,456	106,892	1,080,684	467,120
Depreciation	881,276	892,000	10,724	1,338,000	456,724
Furniture & Equipment	119,049	123,241	4,192	143,049	24,000
Vehicles	48,005	50,000	1,995	75,000	26,995
Facilities & Equipment	2,023,351	2,644,450	621,099	3,733,269	1,709,918
Wages, Benefits, Payroll Expenses	2,864,835	2,970,748	105,913	4,560,134	1,695,299
Conferences & Training	23,417	50,380	26,963	79,053	55,636
Personnel	2,888,252	3,021,128	132,876	4,639,187	1,750,935
Food & Catering	24,342	33,933	9,592	52,500	28,158
Recreation Contracts	414,930	484,684	69,754	688,429	273,499
Bank & Credit Card Fees	71,905	38,336	(33,569)	81,004	9,099
Program	511,177	556,953	45,777	821,933	310,756
Communications	59,862	5,656	(54,206)	96,280	36,418
Printing	26,968	40,710	13,742	68,990	42,022
Advertising	3,508	10,000	6,492	15,000	11,492
Communications	90,339	56,366	(33,973)	180,270	89,931
Supplies	193,874	252,218	58,344	375,325	181,451
Postage	9,352	12,160	2,808	38,240	28,888
Dues & Subscriptions	7,687	6,700	(987)	9,200	1,513
Travel & Entertainment	18,316	11,500	(6,816)	24,000	5,684
Other Operating Expense	28,552	49,812	21,260	77,854	49,302
Operations	257,781	332,390	74,610	524,619	266,839
Information Technology	21,633	127,350	106,257	134,750	113,117
Professional Fees	96,315	190,503	94,188	285,504	189,189
Commercial Insurance	129,062	133,600	4,538	200,400	71,338
Taxes	-	5,000	5,000	14,700	14,700
Provision for Bad Debt	48,530	16,000	(32,530)	24,000	(24,530)
Corporate Expenses	295,539	472,453	177,453	659,354	363,815
Expenses	6,066,438	7,083,740	1,017,841	10,558,632	4,492,194
Net surplus (Deficit)	1,416,397	(145,373)	1,562,309	(158,570)	(1,574,967)
Unrealized Gain/Loss on Investment	254,717	(4,000)	258,717	(4,000)	258,717
Net change in Net Assets-GVR	1,671,114	(149,373)	1,821,026	(162,570)	(1,833,684)



GREEN VALLEY RECREATION, INC.
STATEMENT OF CHANGES IN NET ASSETS
As of Date: August 31, 2017 and December 31, 2016

	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
Net change in net assets-GVR	\$ 1,671,114	1,671,114			
Transfers between unrestricted and reserves:					
Reserve Study Allocation	-	(609,600)		609,600	
Principal Transfers		(34,764)			34,764
Allocations of Net Change components:					
Investment income	-	(111,165)	6,204	71,778	33,183
Investment Expenses	-	502,829	(3,872)	(4,291)	(494,665)
Unrealized Gains (Losses) on Market	-	(254,283)	65,534	153,847	34,903
Repairs and replacements	-	-			
Net change to August 31, 2017	1,671,114	1,164,130	67,866	830,934	(391,816)
NET ASSETS, December 31, 2016	24,746,957	16,814,509	789,899	5,137,266	2,005,283
Allocation of Unrealized @ 12/31/16	-	200,517	24,304	(152,839)	(71,981.45)
Adjusted NET ASSETS, December 31, 2016	24,746,957	17,015,025	814,203	4,984,427	1,933,302
Net Assets as at August 31, 2017	\$26,418,070	18,179,155	882,068	5,815,361	1,541,485

Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Current Month End



	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
Balance December 31, 2016 (at Market)	\$ 8,155,208	349,409	828,800	4,956,623	2,020,377
Changes since January 1, 2017:					
Principal additions	4,109,600	3,465,236	-	609,600	34,764
Rebalance Transactions	-	73,868	(14,597)	27,805	(87,076)
Investment income	121,016	9,851	6,204	71,778	33,183
Withdrawals	(1,461,349)	(958,520)	(3,872)	(4,291)	(494,665)
Net Change for 8 Months	2,769,267	2,590,435	(12,265)	704,892	(513,795)
2017	10,924,475	2,939,844	816,534	5,661,514	1,506,583
8 month Change in Unrealized Gain (Loss)	254,717	433	65,534	153,847	34,903
Balance at August 31, 2017 (at Market)	\$ 11,179,192	2,940,277	882,068	5,815,361	1,541,485