



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, May 22, 2018 at Las Campanas, the President being in the chair and the Secretary being present.

Directors Present: Carol Crothers (President), Donna Coon (Vice-President), Roger Myers (Treasurer), Nina Campfield, Tim Stewart, Sandra Thornton, Gail Vanderhoof, Kent Blumenthal (CEO)

Directors Present Electronically: Lynne Chalmers, Tom Sadowski, Charles Sieck

Directors Absent: Denise Nichols, Carol Lambert

Staff: Cheryl Moose (CFO), Jen Morningstar (Executive Office Manager), David Jund (Facilities Director), George Rushing II (Recreation Director), Randy Cheatham (IT Director), Payton Snider (System Administrator), Conal Ward (IT Technician)

Visitors: 82

I. Call to Order / Establish Quorum

President Crothers called the meeting to order at 1: MST.
Roll call by Secretary Nichols; Quorum established.

II. Adopt Agenda as amended

MOTION: Sieck / Seconded. Adopt Agenda as amended.
Passed: unanimous

III. Approve Minutes of April 24, 2018

MOTION: Vanderhoof / Seconded. Approve minutes as amended.

IV. April 2018 Financial Statements

MOTION: Campfield / Seconded. Adopt Consent Calendar as presented.

V. President's Report

Good afternoon. Lots of things are going on and we have a full agenda. As you know, we have many new faces on the board this year and even the "old hands" have only one year of experience. All of our committee chairs are new and learning their responsibilities. I feel we have made great progress in a short amount of time, but it has taken a tremendous amount of effort on the part of your board members.

Last year staff in the executive office was available to take minutes at all the key committee meetings, send out agendas, make copies of materials and schedule rooms. This board year that level of support is not available. Committee chairs have stepped up by producing agendas, highlights and minutes but they need the same level of support that committees received last year.

You will see a proposal for board/committee support later in the meeting. We are confident that we will figure out a way to deliver on that support and still keep up high levels of service for our membership.

Now to the exciting news: The board, staff and CEO are pleased to announce a new web information site that is up and running where all members will be able to review committee documents in a timely fashion. And, at the same time we will be able to save money by doing away with an old, clumsy system that only served board members. We will constantly look for ways to be more efficient and cost effective.

Another piece of great news is that we have closed on the new property for pickleball! I signed the paperwork on Friday. And P&E will be bringing forward a proposal for the detailed engineering and architecture work necessary to keep the project moving. We are designing for a full 24 court complex so we can get all the county approvals up front. Our rollout schedule will be dependent on cost projections and the amount of funds raised by the pickleball club and the GVR Foundation, which is gearing up for an aggressive fundraising campaign.

VI. CEO Report

There were many GVR initiatives and other undertakings since the last regular session of the Board on April 24. A few of these deserve special mention, though they are not part of today's proceedings. Other initiatives will be considered by the Board this afternoon. Some agenda items have reached the proverbial "tipping point" where the Board must decide to fish or cut bait, and several of these are dependent on new funding from reserves or other sources.

That's just a natural evolution of providing recreation services for our membership in an ever-changing environment. It is the Board's role to make decisions about policies and funding. As CEO, my perspective may be different from other Board members, and as CEO, my obligation is to help the Board make the best possible decisions.

At this point at today's meeting, funding considerations involve our three reserve accounts and the current operating budget. To provide a frame of reference, these are our reserve account balances as of today:

Repair & Maintenance Reserve:	\$ 5,673,128
Emergency Reserve:	\$ 938,278
Initiatives Reserve:	\$ 1,998,213

Next, I want to highlight a few notable activities that occurred recently that are NOT on today's Board agenda.

1. At 5:30 PM last evening, GVR became owner of the 10.8 acre parcel on Camino de la Canoa in Green Valley to develop a 24-court Pickleball Center. This acquisition and achievement was years in the making. For the record, the negotiated sales price was \$87,500. The original asking price was \$105,000. The Board authorized an additional 'up to' \$37,500 to pay for needed due diligence engineering and survey work, prep for a Pima County mandated public hearing, and any required closing costs. Special thanks to all GVR members that contributed to making this

dream a reality. Thanks also to Pres. Crothers who made herself available the past few days to sign settlement documents.

2. Last Wednesday, with the able assistance of GVR member Helen Russo, I conducted Part II of a 'Conversation with Kent on Communications' at East Center. The audience seemed appreciative of steps being taken to improve overall Communications within GVR. I explained that the improvements are works in progress, and that I anticipate more conversation with the GVR Board about implementation and more importantly, about long-term sustainability of the enhanced effort. More about that in a moment. Kudos to the GV News and reporter Kim Smith, who accurately reported on the event in last Sunday's local newspaper edition.
3. On May 15, a focus group of five GVR members from mandatory deed restricted HOAs met with me and other GVR staff to discuss improvements that might be made to GVR facility space reservations procedures. The focus group's input was invaluable. On May 17, I reported to the Green Valley Council's Assembly an update on the status of the focus group. I expect to present to the GVR Board suggested improvements to our facility space reservations policy by August that involves HOAs and GVR Clubs. Recreation Services Dir., George Rushing II is your staff lead to see this project through.
4. Let's get back to communications. As many of you are aware, expanding and enhancing Board communications with Members is a top Board priority. This follows a 2018 survey result that reported that only 4 in 10 members or 40% of members rated 'accessibility of the GVR Board' as excellent or good. Putting emphasis in this area is a good thing, and staff is here to help make improvements in this area, where possible. One of the proposals to be considered at this Board meeting is about identifying additional staff resources to meet the Board's expanded communications objectives. The Board's relatively new expectations for recording and posting committee meeting agendas, rosters, minutes, meeting highlights, and exhibits on the GVR website are extensive. Recall that the 2018 budget was developed and approved by the Board back in September 2017. Much of what is now desired was not anticipated last September. So finding a new approach to address these new expectations is important. Initially, I floated an idea at the open Board work session on May 10 at East Center to fund additional needed FTEs through the Initiatives Reserves, which I'll refer to as 'Option A'. At the time, this idea met with general acceptance. Since then, I became aware of concerns from a few Board members about doing this.

I asked my Staff Leadership Team to help me find an alternative solution, whereby we could meet additional staffing needs by adjusting programs or services instead of funding the needed staffing with new money, which I refer to as Option B. The Staff Leadership Team includes all department directors and supervisors. I am the one responsible for presenting Option B here today.

In a conversation yesterday afternoon with Pres. Crothers, VP Coon and Executive Office Manager, Jen Morningstar, a third option was discussed which I refer to as Option C. Rather than funding from Initiatives Reserves or adjusting or modifying any current programs or services, I would be encouraged as CEO per Board policy as stipulated in the "Budget Development Policy" and published within the Corporate Policy Manual to "... Shift amounts between line items in the Board-approved budget to meet current or anticipated needs. Any line item that is decreased or

increased by more than 15% or \$15,000, whichever is greater should be reported to the board of directors.” This existing Board policy is found in Appendix I, Board Policies, Subsection 1. Budget Development Policy, which was updated by the Board on January 31, 2017.

If the Board feels that Option C is the preferred option, then I request that they reaffirm their support of this Board policy so that we might quickly move forward together to meet the best interests of GVR members and the Board’s expanded expectations for communications. I look forward to further discussion about this issue when we get to that agenda item.

Thank you for participating in today’s Board meeting.

VII. New Business

A. Planning & Evaluation

1. Professional Services Design & Engineering Pickleball Center

MOTION: Coon / Seconded. Approve WSM Architects Proposal for Professional Architecture and Engineering Services of the 24 court Pickleball Center. That the cost of this phase for site development, architectural design, permitting and preparing an RFP for construction be set at “not to exceed” \$133,000, with funding source identified by Fiscal Affairs Committee.

Passed: unanimous

2. Fee Proposals (3-5/Year Plan)

i. GVR Lapidary Consolidation

MOTION: Coon / Seconded. The Board approve the fee for Professional Services from WSM to evaluate alternative sites for a lapidary expansion to accommodate the Lapidary Club and possibly Metal Arts and Glass Arts. Options to evaluate include: a) expanding West Center; b) new construction at Facility Maintenance or Las Campanas site; c) directing the Board’s real estate agent to identify potential sites with a building already built. The fee not to exceed \$6,000. The funding source for the request to be determined by the Fiscal Affairs Committee.

Passed: unanimous

ii. Explore Table Tennis Center at Desert Hills Center

MOTION: Coon / Seconded. The Board approve the Proposal for Professional Services from WSM to evaluate the conversion of the shuffleboard area below the Desert Hills Auditorium to be used as a table tennis facility. The fee request not to exceed \$3,800. The funding source for the request to be to be determined by the Fiscal Affairs Committee.

MOTION TO AMEND: Sadowski / Seconded. The Board approve the Proposal for Professional Services from WSM to evaluate sites for a permanent home for Table tennis, sites including shuffleboard area below the Desert Hills Auditorium to be used as a table tennis facility or another use. The fee request not to exceed \$5,000. The funding source for the request to be determined by the Fiscal Affairs Committee.
Passed: unanimous

MOTION AS AMENDED

Passed: unanimous

3. Tennis Court Repairs at Las Campanas Center

MOTION: Coon / Seconded. The board approve a bid of \$118,000 to repair the Las Campanas tennis courts with a new post tension cap to correct the failure of the original post tension. The funding source for this request to be determined by Fiscal Affairs Committee.

Passed: unanimous

4. Safety Upgrade for Sand Volleyball at Abrego South Center

MOTION: Myers / Seconded. Apply the awarded 2018 Club funding of \$9,000.00 towards the 2019 Volleyball Club Health; Safety and ADA Services request and replace the washed mortar sand with approved volleyball sand as early as possible in 2018.

Estimated replacement cost of ±\$6,000.00.

Build into the FY 2019 Non-Reserves Capital Projects budget the costs associated with converting the grass volleyball court to a sand court.

Passed: unanimous

MOTION: Crothers / Seconded. Five minute Recess (3:18pm)

Passed: unanimous

President Crothers called the meeting back to order at 3:25pm

B. GVR Foundation

1. GVR Pickleball Center Fundraising Campaign

MOTION: Stewart / Seconded. GVR provide a \$9,500 grant to the GVR Foundation to underwrite expenses associated with a strategic capital fundraising campaign to raise \$1.375 million to support development of the GVR Pickleball Center.

MOTION TO AMEND: Chalmers / Seconded. Fiscal Affairs Committee will determine funding source.

Passed: 8 yes / 1 no Sadowski / 1 abstain Sieck

AMENDED MOTION FAILED: 4 yes (Campfield, Coon, Myers, Stewart) / 6 NO

MOTION: Crothers / Seconded. GVR foundation present letter of support for grant applications to GVR President for review and signature.

Passed: 6 yes / 2 no (Campfield, Myers) / 2 abstain (Coon, Stewart)

2. Support Letters for Grant Applications for GVR Pickleball Center

MOTION: Crothers / Seconded. GVR foundation present letter of support for grant applications to GVR President for review and signature.

Passed: 6 yes / 2 no (Campfield, Myers) / 2 abstain (Coon, Stewart)

MOTION: Myers / Seconded. Provide “Letter(s) of Support” to the GVR Foundation (GVRF) with the President’s signature for GVRF grant applications which are intended to advance the development and construction of the GVR Pickleball Center.

Passed: unanimous

C. Board Affairs

1. Transfer Responsibility for Board Training to Nominations & Elections

MOTION: Vanderhoof / Seconded. Transfer responsibility for Board training and orientation from Board Affairs Committee to Nominations & Elections Committee and update Corporate Policy Manual accordingly.

Passed: unanimous

2. Directors Remote Attendance at Committee Meetings

MOTION: Vanderhoof / Seconded. Change Corporate Policy Manual Section VI, Subsection 4, B. by adding point #8 -- Directors may attend any GVR committee meeting, whether open or closed. To attend a meeting from a remote site, a request shall be made by email to the committee chairperson at least three business days prior to the meeting. Directors will be provided with all materials otherwise provided to committee members.

Passed: 7 yes / 3 no (Campfield, Coon, Stewart)

D. Staff Support for Meetings of the Board and Committees

MOTION: Sadowski / Seconded. Affirm support for the Board policy stated in the Corporate Policy Manual [CPM, Appendix I, Board Policies, Subsection 1. Budget Development Policy] that authorizes the CEO to shift amounts between line items in the Board-approved budget to meet current or anticipated needs and reporting to the Board any line item that is decreased or increased by more than 15% or \$15,000, whichever is greater.

Passed: unanimous

E. Raw Survey Data

MOTION: Sieck / Seconded. Authorize staff to obtain raw electronic data from 2018 member survey from the National Research Center and provide data to Director Charles Sieck.

Passed: 6 yes / 3 no (Campfield, Coon, Stewart) / 1 abstain (Myers)

VIII. Member Comments: 1

IX. Adjournment

MOTION: Myers / Seconded. Meeting Adjourned at 5:35pm MST.

Passed: unanimous

Denise Nichols
Secretary

Date

Jen Morningstar
Manager, Executive Office

Date

The accompanying pages are the Financial Reports for May 31, 2018. 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: May 31, 2018 and December 31, 2017



	May 31, 2018	December 31, 2017
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	\$ 1,062,357	4,539,157
Accounts Receivable	292,005	123,604
Prepaid Expenses	118,419	173,447
Edward Jones Investments (@ Market)	13,565,897	10,274,921
Total Current Assets	15,038,678	15,111,130
Fixed Assets		
Contributed Fixed Assets	17,593,784	17,593,785
Purchased fixed Assets	18,339,268	17,939,723
Sub-Total	35,933,052	35,533,507
Less - Accumulated Depreciation	(19,430,166)	(18,846,580)
Net Fixed Assets	16,502,886	16,686,927
Total Assets	31,541,564	31,798,057
LIABILITIES		
Current Liabilities		
Accounts Payable	166,045	409,923
Deferred Dues & Fees	3,856,743	4,230,453
Deferred Programs	74,083	329,352
Total Current Liabilities	4,096,871	4,969,728
TOTAL NET ASSETS	\$27,444,693	26,828,329
NET ASSETS		
Temporarily Restricted:		
Board Designated:		
Emergency	\$ 932,725	930,342
Maint - Repair - Replacement	5,691,143	6,264,272
Initiatives	2,004,928	1,531,549
Sub-Total	8,628,796	8,726,163
Unrestricted Net Assets	18,815,897	18,102,166
TOTAL NET ASSETS	\$27,444,693	26,828,329

Statement of Activities
Current Year - January to May 31, 2018

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
Revenue					
Member Dues	2,762,677	2,780,315	(17,638)	6,672,756	3,910,079
Life Care, Transfer, Tenant & Add'l Card Fees	418,510	290,021	128,489	696,017	277,507
Capital Revenue	1,233,126	990,990	242,136	2,378,383	1,145,257
Programs	255,798	162,981	92,817	391,149	135,351
Instructional	240,299	179,776	60,523	431,450	191,151
Recreation Income	496,096	342,756	153,340	822,599	326,503
Advertising Income	32,486	31,250	1,236	75,000	42,514
Communication	19,882	23,750	(3,868)	57,000	37,118
Communication Income	52,368	55,000	(2,632)	132,000	79,632
Investment Income	122,799	116,662	6,137	280,000	157,201
Other Income	15,216	8,375	6,841	20,100	4,884
Facility Rent	11,669	9,588	2,081	23,000	11,331
Marketing Events	-	2,500	(2,500)	6,000	6,000
Other Income	26,886	20,463	6,423	49,100	22,214
Total Revenue	5,112,462	4,596,207	516,255	11,030,855	5,918,393
Expenses					
Major Projects-Repair & Maintenance	160,792	121,798	(38,994)	292,315	131,523
Facility Maintenance	97,858	214,321	116,462	514,370	416,512
Fees & Assessments	5,672	37,125	31,453	89,100	83,428
Utilities	440,287	478,384	38,096	1,148,121	707,833
Depreciation	583,586	519,167	(64,419)	1,246,000	662,414
Furniture & Equipment	102,322	100,760	(1,562)	241,824	139,502
Vehicles	23,192	33,335	10,143	80,004	56,812
Facilities & Equipment	1,413,710	1,504,889	91,179	3,611,734	2,198,024
Wages, Benefits, Payroll Expenses	1,938,422	2,010,753	72,331	4,825,808	2,887,386
Conferences & Training	18,195	36,250	18,055	87,000	68,805
Personnel	1,956,617	2,047,003	90,386	4,912,808	2,956,191
Food & Catering	20,176	21,292	1,116	51,100	30,924
Recreation Contracts	391,312	268,140	(123,172)	643,536	252,224
Bank & Credit Card Fees	58,771	43,750	(15,021)	105,000	46,229
Program	470,259	333,182	(137,077)	799,636	329,377
Communications	41,292	40,742	(550)	97,780	56,488
Printing	31,182	24,725	(6,457)	59,340	28,158
Advertising	3,734	6,250	2,516	15,000	11,266
Communications	76,208	71,717	(4,491)	172,120	95,912
Supplies	146,829	189,267	42,437	454,240	307,411
Postage	7,550	13,225	5,675	31,740	24,190
Dues & Subscriptions	5,473	2,542	(2,931)	6,100	627
Travel & Entertainment	907	8,100	7,193	19,440	18,532
Other Operating Expense	17,750	27,953	10,203	67,087	49,337
Operations	178,510	241,086	62,576	578,607	400,097
Information Technology	8,465	47,813	39,583	114,750	106,285
Professional Fees	118,257	126,458	8,201	303,500	185,243
Commercial Insurance	81,726	85,417	3,690	205,000	123,274
Taxes	54	6,125	6,071	14,700	14,646
Provision for Bad Debt	13,375	10,000	(3,375)	24,000	10,625
Corporate Expenses	221,878	275,813	54,170	661,950	440,072
Expenses	4,317,182	4,473,690	156,743	10,736,855	6,419,674
Net surplus (Deficit)	795,280	122,517	672,998	294,000	(501,280)
Unrealized Gain/Loss on Investment	(178,914)	-	(178,914)	-	(178,914)
Net change in Net Assets-GVR	616,366	122,517	494,084	294,000	(322,366)



GREEN VALLEY RECREATION, INC.
STATEMENT OF CHANGES IN NET ASSETS

As of Date: May 31, 2018 and December 31, 2017

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
Net change in Net Assets-GVR	\$ 616,366	616,366				
Transfers between unrestricted and reserves:						
Reserve Study Allocation	-	(391,668)			391,668	
Principal Transfers		888,626			(888,626)	-
Depreciation		583,586	(583,586)			
Purchase of Fixed Assets		(399,545)	399,545			
Transfer For Fixed Asset Purchase		(500,000)				500,000
Allocations of Net Change components:						
Investment income	-	(70,520)		4,376	50,844	15,299
Investment Expenses	-	2,976		(2,846)	(130)	-
Unrealized Gains (Losses) on Market	-	167,953		853	(126,885)	(41,921)
Repairs and replacements	-	-				
Net change to May 31, 2018	616,366	897,773	(184,040)	2,383	(573,129)	473,378
NET ASSETS, December 31, 2017	26,828,329	1,415,239	16,686,927	930,341	6,264,272	1,531,550
Net Assets as at May 31, 2018	\$27,444,694	2,313,012	16,502,886	932,724	5,691,143	2,004,928



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, 2017 (at Market)	\$ 10,274,921	1,548,758	930,342	6,264,272	1,531,550
Changes since January 1, 2018					
Principal additions	4,391,668	4,000,000	-	391,668	-
Rebalance Transactions	-	-	-	-	-
Investment income	81,199	10,679	4,376	50,844	15,299
Withdrawals	(1,000,000)	(611,374)	-	(888,626)	500,000
Investment Expenses	(2,976)	-	(2,846)	(130)	-
Net Change for 5 Months	3,469,891	3,399,305	1,530	(446,244)	515,299
Balance before Market Change at May 31, 2018	13,744,812	4,948,063	931,872	5,818,028	2,046,849
5 month Change in Unrealized Gain (Loss)	(178,914)	(10,961)	853	(126,885)	(41,921)
Balance at May 31, 2018 (at Market)	\$ 13,565,898	4,937,102	932,725	5,691,143	2,004,928



GREEN VALLEY RECREATION, INC.

Green Valley Recreation, Inc.
Variance Report
Monthly Report: 5/1/2018-5/31/2018

var vs budget

Revenue	Year-to-Date	Budget	Variance	% Variance	
Transfer Fees	228,650	174,826	53,824	30.79%	More property transactions than budgeted
Guest Card Fees	58,305	31,250	27,055	86.58%	More Guest Cards purchased than budgeted
Tenant Fees	97,470	72,919	24,551	33.67%	More Tenant cards purchased
Special Events/Dances	34,395	10,419	23,976	230.12%	Seasonal
Tours	72,343	24,562	47,781	194.53%	More tour participation
Instructional	240,299	179,776	60,523	33.67%	More classes, more participation
New Member Capital Fees	1,202,364	959,740	242,624	25.28%	More home sales closed than budgeted
Expense	Actual	Budget	Variance	% Variance	
Wages	1,429,781	1,564,885	135,104	9%	More open positions than budgeted
Insurance-Medical	220,850	182,352	(38,498)	-21%	Higher Medical insurance usage
401(k) Match	43,651	56,780	13,129	23%	Lower 401(k) participation
Recreation Contracts	391,312	268,140	(123,172)	-46%	Seasonal
Supplies	146,829	189,267	42,438	22%	Computer Hardware for Perfect Mind
Utilities	440,287	478,384	38,097	8%	Electric & Water Below, Gas above budget
Information Technology	8,230	47,813	39,583	83%	Less IT expense Perfect Mind
Facility Maintenance	97,858	214,321	116,463	54%	Maintenance projects scheduled for summer