



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, October 30, 2018 at West Center, the President being in the chair and the Secretary being present.

**Directors Present:** Carol Crothers (President), Donna Coon (Vice-President), Denise Nichols (Secretary), Roger Myers (Treasurer), Carol Lambert (Assistant Secretary), Tom Sadowski (Assistant Treasurer), Nina Campfield, Lynne Chalmers, Charles Sieck, Tim Stewart, Sandra Thornton, Gail Vanderhoof, Kent Blumenthal (CEO)

**Staff:** Cheryl Moose (CFO), Jen Morningstar (Director of Administrative Services), David Jund (Facilities Director), George Rushing II (Recreation Director), Randy Cheatham (IT Director), Karen Miars (Administrative Assistant), Payton Snider (System Administrator), Miles Waterbury (Communications Specialist)

**Visitors:** 100 (includes additional staff)

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

President Crothers called the meeting to order at 1:31pm MST  
Roll call by Secretary Nichols; Quorum established.

**2. Adopt Agenda**

**MOTION: Campfield / Seconded. Adopt Agenda as presented.**  
**Passed: unanimous**

**3. Consent Calendar**

**MOTION: Myers / Seconded. Approve September 25, 2018 Meeting Minutes as presented.**  
**Passed: unanimous**

Director Vanderhoof asked the meeting minutes reflect the Board Affairs Committee to review Robert's Rules of Order regarding comments in minutes.

**MOTION: Campfield / Seconded. Approve Financial Statements of August and September.**

**Passed: 11 yes / 1 abstain (Sieck)**

**4. President Report**

Good afternoon. Once again, we have a full agenda for our board meeting.

The most important item on the agenda is the 2019 Budget. We had a board work session on the budget 12 days ago. The board did not accept the budget brought forward by the FAC (known as Plan B). Fiscal Affairs met last week to consider Plan C and rejected that option. No other options were discussed so now it is in the board's hands. Let's hope we have a good discussion today and can reach some consensus.

At least 5 different members have sent me a copy of an excellent Oct 5th Wall Street Journal article that discusses the growing “wealth gap” in many retirement communities. It describes Oakmont Village in California, where many residents moved some time ago because of the good weather, reasonably priced amenities and friendly community. Then came the newcomers, many from Silicon Valley with plenty of money for retirement. They wanted to build a \$300,000 pickleball complex and it got so ugly that board members were forced to resign for health reasons, a rat head in paper bag was left on the president’s porch and the police had to be called to keep order in meetings.

Now I certainly hope we aren’t getting to that state in Green Valley, but the article does point out some of the very tough issues we are facing. And our board is divided. We need to come together with the help of our community to do what’s best for GVR and our membership.

I ran for the board because I was worried about what seemed to be a “growth at any cost” attitude. A 40 million dollar capital plan, new logo, new vehicles all over town and a vision to become a premier resort destination. We have begun to pull back from that extreme, but we still have hard decisions to make. Most of us really appreciate what we have here and we don’t want to become another Saddlebrooke.

We do want new recreational and social facilities for our members as we can afford them. That’s our mission. We want to build new pickleball courts because our existing courts are overcrowded, and our members love to play pickleball. We want to build a new industrial arts center so that we can give lapidary a new updated home and provide space for some of our newer clubs like metal and glass arts. We need more meeting/classroom space. Some of our fitness centers are extremely overcrowded. Thanks to an upswing in our real estate market and large dues increases, we have the money to start these projects, but not the money to do everything.

However, we also need to respect the virtues that have made Green Valley the place where most of us have chosen to live out our lives: where we have the best VALUE in recreational and social facilities, probably in the nation: where we have friendly, helpful neighbors and a wide economic diversity. It doesn’t matter in Green Valley if you live in a \$50K Casita or a million dollar mansion. We are all neighbors who know how to respect and appreciate each other and especially how to have fun.

Most of us arrived when we were young and active. What might be a fantastic value at 60 could become an extreme burden as we age or develop health problems. GVR works because it is funded by members throughout their time here. We have a duty to keep our costs as reasonable as possible for all our members.

So where does that leave us as a board and a community? We need to make compromises. We need to grow and change, but we also need to respect what’s made us who and what we are.

## 5. CEO Report

Good afternoon.

Never a dull moment at GVR. And the list of accomplishments over the past several weeks since our last meeting is compelling:

1. Last Saturday, for the fourth year in a row, GVR was awarded first place in the annual Country Fair White Elephant Parade in the 'Service Organization' category. Kudos to volunteers and staff who assisted in another great effort on behalf of GVR.
2. Our second annual seasonal Farmers & Artisans Market at West Center began last Tuesday, right before a significant rainfall. The farmers market continued today, and will be held at West Center's parking lot 9 AM to 1 PM each Tuesday through March.
3. Supervision and facilitation of fitness trainers and personal trainers on GVR's campus has been assumed by GVR. We no longer engage a middleman to coordinate these services. This new mode of operation will provide our members with greater availability and access to fitness professionals who are independent contractors. GVR will revenue share with income received by these independent contractors.
4. Local newspaper had a front page story about a supposed "hack" of GVR's email server. Not quite so; it was more like 'spam'. Here's what happened and what has been done about it.
  - a. A staffer's password for their email account was compromised and a phishing email was sent to email addresses that the person had contact with.
  - b. GVR's email protection program recognized that spam was being sent from the staffer's address, shut down the account, and notified GVR's IT staff of the suspicious activity. IT immediately contacted the staff person and had them change their email and GVR network password.
  - c. IT believes that the changed password has eliminated the threat but they are still keeping a close watch on it.
  - d. IT has a list of the affected email addresses.
5. The Phase 2 Facilities Maintenance Building workshop area at the former nursery on La Canada is nearly completed and almost ready to be occupied. Centralizing the facilities workshop into one location will increase staff efficiencies and response time for needed repairs and maintenance.
6. Readership of *GVR Now!* continues to grow. You have probably seen those handsome GVR newsstands at Continental Shopping Center, and at other Green Valley locations. The GVR monthly newsletter is up to about 50 pages thanks to new features and the support of our business community.

Most of you here at today's Board meeting probably think that the FY 2019 budget is the most important item on the agenda. Maybe so, but maybe not. Let me share with you another perspective.

Perhaps the most important consideration on today's agenda is the duties and responsibilities of your CEO and Board of Directors.

The FY 2019 budget debate is just symptomatic of larger questions that deserve our attention:

- What are the statutory and fiduciary duties and responsibilities of the CEO and individual Directors?
- To what extent should the CEO and the Board follow the laws, policies and procedures that have protected and enhanced GVR over the years?

I'll call out just a few of the issues and questions that the Board will consider today as they relate to CEO and Director duties and responsibilities. The outcome of these deliberations will most certainly affect the GVR of tomorrow:

1. Will all GVR committee meetings, subcommittee meetings and working session meetings, whether open or closed, be announced to GVR members?
2. Is the Board of Directors' *Code of Conduct* a meaningful guideline for proper and respectful behavior and decorum?  
Should Directors be permitted to exercise individual authority over GVR and the CEO?
3. To what extent should the Board of Directors continue to rely on expert opinion - as they are entitled to do by law and our own governing documents - when making decisions about everything from proposed GVR Bylaws amendments to changes to GVR's Corporate Policy Manual?
4. As permitted by law and written contract, will the Board of Directors allow the GVR Foundation to assist GVR Members through support of the Southern Arizona Senior Games, Member Assistance Program, and other activities?
5. Corporate governance ought to be special interest-blind. When considering corporate governance, there is no GVR-For-All, GVR 4Us, underserved, overserved, club or other special interests. There is only the well-being of the Corporation as a whole, the 24,000 GVR individual members who reside in 13,578 residential properties. Will the Board of Directors consider the comprehensive needs of the Corporation for the long-haul when considering the Fiscal Affairs Committee-approved FY2019 budget proposal this afternoon?

I believe that one of the CEO's most important responsibilities is to:

*"Monitor and ensure compliance with federal and state laws, Pima County regulations and ordinances, and GVR's Articles of Incorporation, Bylaws, and Corporate Policy Manual."*

I didn't make that up. It's a CEO duty codified within GVR's Corporate Policy Manual.

I intend to continue to uphold this most important CEO duty to the absolute best of my ability because I believe it is for the good of the Corporation. For the present and the future.

Thank you.

## 6. Committee Reports

### A. Fiscal Affairs

1. **MOTION: Myers / Seconded. Accept Plan B recommendation from Fiscal Affairs Committee (Exhibit – Proposal B: FY2019 Budget – Recalculated Inflation Factor).**

**Call the question: Chalmers/Seconded.**

**Failed: 3 yes (Chalmers, Sadowski, Thornton) / 9 no**

**Motion Failed: 6 yes (Campfield, Coon, Lambert, Myers, Nichols, Stewart) / 6 no**

**MOTION: Stewart / Seconded. Recommend formation of Ad Hoc Committee to propose compromise budget, bringing a recommendation to the Board. Suggested committee members are Director Nichols as chair and Directors Sieck, Sadowski and Myers, along with CEO designated GVR staff.**

**Passed: 11 yes / 1 no (Campfield)**

**B. Planning & Evaluation** – Director Coon reported on the progress of the Pickleball Center and gave updates on the Tennis, Lapidary and Table Tennis Clubs.

**C. Board Affairs**

**1. MOTION: Nichols / Seconded. Share two recent legal opinions with Board Affairs Committee.**

**Passed: 11 yes / 1 abstain (Myers)**

**MOTION: Stewart / Seconded. Share legal opinions originating from requests submitted by the Board Affairs Committee directly with the Board Affairs Committee.**

**MOTION TO AMEND: Campfield / Seconded. Add notice to be given to the Board and posted on secure Board website and if request originated with Board Affairs Committee, forward to Committee without full Board approval.**

**Amended Motion Passed: unanimous**

*APPROVED AMENDED MOTION: Upon receipt of legal opinion, notify the Board and post on the secured Board website. If requests originated from the Board Affairs Committee, forward legal opinions directly to the Board Affairs Committee without full Board approval. CEO will prepare Confidentiality Agreement for members of Board Affairs Committee to sign.*

**D. Nominations & Elections** – Director Nichols announced four open positions on the Board in 2019 and reviewed the election process and schedule.

**E. Audit** – Director Sieck reported on questions asked regarding the CEO's compensation.

**F. GVR-GVR Foundation Relationship Ad Hoc**

**1. MOTION: Stewart / Seconded. Adopt and post Revised Re-Reconciliation of Shared Resources between GVR and GVR Foundation dated October 18, 2018.**

**Passed: unanimous**

## **G. Survey Ad Hoc**

### **1. MOTION: Thornton / Seconded.**

**Create Ad Hoc Committee to evaluate GVR facilities to ensure ease of access for GVR members with physical limitations, and appoint Suzan Curtin as chair.**

**The Committee would be charged with identifying possible deficiencies, and would be expected to present a report of their findings to the Board of Directors no later than February 28, 2019, with the expectation that the committee's recommendations would be incorporated into the 2019 Center Assessment report.**

**MOTION TO AMEND: Myers / Seconded. First paragraph, eliminate "and appoint Suzan Curtin as chair." Second paragraph, add "Ad Hoc" before Committee, add "in conjunction with the Planning & Evaluation Committee" after Committee, change "would be charged" to "is charged," delete "with the expectation that the committee's recommendations would be incorporated into the 2019 Center Assessment report."**

**Motion to Amend Passed: 10 yes / 2 no (Lambert, Stewart)**

**Amended Motion Passed: 8 yes / 4 no (Campfield, Lambert, Nichols, Stewart)**

**APPROVED AMENDED MOTION:** *Create Ad Hoc Committee to evaluate GVR facilities to ensure ease of access for GVR members with physical limitations.*

*The Ad Hoc Committee in conjunction with the Planning & Evaluation Committee is charged with identifying possible deficiencies, and would be expected to present a report of their findings to the Board of Directors no later than February 28, 2019.*

**H. Investments Ad Hoc** – Tom Sadowski gave an update on the solicited bids for investment advisory services for GVR Reserve accounts.

## **7. New Business**

### **A. MOTION: Stewart / Seconded.**

**The GVR Board of Directors request a \$20,000 grant from GVR Foundation to support the 2019 Member Assistance Program (MAP).**

**FURTHER, direct the CEO to complete required grant application forms and submit as soon as possible to the GVR Foundation.**

**Call the question: Lambert / Seconded.  
Passed: unanimous**

**Motion Passed: unanimous**

**B. MOTION: Blumenthal / Seconded. Adopt Resolution to affirm CEO authority to assign staff to support GVR Foundation's Southern Arizona Senior Games (Resolution to Board of Directors October 30, 2018). Passed: unanimous**

**C. MOTION: Campfield / Seconded. Direct CEO to obtain summary of legal opinion entitled Scope of the President's Authority (dated August 15, 2018) and share with Board of Directors. Board Affairs Committee to prepare a statement for inclusion in the Corporate Policy Manual (CPM) and distribution to all GVR Members.**

**Call the question: Stewart / Seconded. Passed: unanimous**

**Motion Failed: 4 yes (Campfield, Coon, Lambert, Stewart) / 8 no**

**D. MOTION: Lambert / Seconded. CEO share GVR 2017 and 2018 legal fees with Director Sadowski in privacy of CEO office.**

**Call the question: Lambert / Seconded. Passed: unanimous**

**Motion Passed: 11 yes / 1 no (Campfield)**

**8. GVR Foundation Report** – GVR Foundation President Blaine Nisson reported the Foundation's 2018-2019 Annual Campaign kickoff this week; GVR Hunting & Fishing Club solicited funds through GVRF Club sub-accounts raising thousands of dollars for worthwhile community projects impacting youth; RetireArizona.org website has added a community-wide calendar; a recent Go Fund Me account through Facebook raised \$996 in less than a week for the Pickleball Complex; GVRF Directors to participate in November 19 Day of Giving at Continental Plaza to solicit Member Assistance Program (MAP) donations; and a letter of concern was shared from the Foundation to GVR Board regarding a breach of attorney-client memos.

**MOTION: Lambert / Seconded. GVR/GVR Foundation Relationship Ad Hoc Committee to investigate leak of confidential information to Green Valley News.**

**Call the question: Sadowski / Seconded. Passed: unanimous**

**Motion Failed: 6 yes (Campfield, Coon, Lambert, Myers, Nichols, Stewart) / 6 no**

**9. Member Comments: 4**

**10. Adjournment**

**MOTION: Campfield / Seconded. Adjourn meeting at 5:20pm MST. Passed: unanimous**

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Denise Nichols  
Secretary

Date

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Karen Miars  
Administrative Assistant

Date