



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: Campbell / 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: Campbell / Seconded. Adjourn meeting at 5:20pm MST. Passed: unanimous

Denise Nichols
Secretary

Date

Karen Miars
Administrative Assistant

Date

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



	October 31, 2018	December 31, 2017
	Total	Total
ASSETS		
Cash/Cash Equivalents	\$ 634,136	4,539,157
Accounts Receivable	150,245	123,604
Edward Jones Investments (@ Market)	11,565,211	10,274,921
Prepaid Expenses	260,875	173,447
Property and Equipment:		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	18,987,122	17,939,723
Sub-Total	36,580,907	35,533,507
Less - Accumulated Depreciation	(20,108,633)	(18,846,580)
Property and Equipment - net	16,472,274	16,686,927
Total Assets	29,082,740	31,798,057
LIABILITIES		
Accounts Payable	247,378	409,923
Deferred Dues & Fees	1,101,884	4,230,453
Deferred Programs	160,734	329,352
Total Liabilities	1,509,996	4,969,728
TOTAL NET ASSETS	\$27,572,744	26,828,329
NET ASSETS		
Temporarily Restricted:		
Board Designated:		
Emergency	\$ 886,807	930,342
Maint - Repair - Replacement	5,845,250	6,264,272
Initiatives	2,022,813	1,531,549
Sub-Total	8,754,869	8,726,163
Unrestricted Net Assets	18,817,875	18,102,166
TOTAL NET ASSETS	\$27,572,744	26,828,329

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

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
Revenue					
Member Dues	5,519,749	5,560,630	(40,881)	6,672,756	1,153,007
Life Care, Transfer, Tenant & Add'l Card Fees	617,258	580,018	37,240	696,017	78,759
Capital Revenue	2,058,728	1,981,985	76,743	2,378,383	319,655
Programs	313,502	325,958	(12,456)	391,149	77,647
Instructional	309,046	359,543	(50,497)	431,450	122,404
Recreation Income	622,549	685,501	(62,952)	822,599	200,050
Advertising Income	94,489	62,500	31,989	75,000	(19,489)
Communication	36,639	47,500	(10,861)	57,000	20,361
Communication Income	131,127	110,000	21,127	132,000	873
Investment Income	249,301	233,332	15,969	280,000	30,699
Other Income	21,311	16,750	4,561	20,100	(1,211)
Facility Rent	17,459	19,168	(1,709)	23,000	5,541
Marketing Events	-	5,000	(5,000)	6,000	6,000
Other Income	38,770	40,918	(2,148)	49,100	10,330
Total Revenue	9,237,482	9,192,384	45,098	11,030,855	1,793,373
Expenses					
Major Projects-Repair & Maintenance	416,033	243,596	(172,437)	292,315	(123,718)
Facility Maintenance	183,843	428,642	244,799	514,370	330,527
Fees & Assessments	14,081	74,250	60,169	89,100	75,019
Utilities	780,575	956,767	176,192	1,148,121	367,546
Depreciation	1,268,032	1,038,333	(229,699)	1,246,000	(22,032)
Furniture & Equipment	195,645	201,520	5,875	241,824	46,179
Vehicles	49,280	66,670	17,390	80,004	30,724
Facilities & Equipment	2,907,490	3,009,778	102,288	3,611,734	704,244
Wages, Benefits, Payroll Expenses	3,700,213	4,021,507	321,293	4,825,808	1,125,595
Conferences & Training	43,522	72,500	28,978	87,000	43,478
Personnel	3,743,735	4,094,007	350,272	4,912,808	1,169,073
Food & Catering	34,572	42,583	8,011	51,100	16,527
Recreation Contracts	512,803	536,280	23,477	643,536	130,733
Bank & Credit Card Fees	66,259	87,500	21,241	105,000	38,741
Program	613,635	666,363	52,728	799,636	186,001
Communications	77,996	81,483	3,488	97,780	19,784
Printing	61,229	49,450	(11,779)	59,340	(1,889)
Advertising	3,734	12,500	8,766	15,000	11,266
Communications	142,959	143,433	475	172,120	29,161
Supplies	248,862	378,534	129,672	454,240	205,379
Postage	9,008	26,450	17,442	31,740	22,732
Dues & Subscriptions	9,157	5,083	(4,074)	6,100	(3,057)
Travel & Entertainment	2,347	16,200	13,852	19,440	17,092
Other Operating Expense	20,221	55,906	35,685	67,087	46,866
Operations	289,596	482,173	192,577	578,607	289,012
Information Technology	68,357	95,625	34,194	114,750	46,393
Professional Fees	221,856	252,917	31,060	303,500	81,644
Commercial Insurance	191,033	170,833	(20,200)	205,000	13,967
Taxes	20,750	12,250	(8,500)	14,700	(6,050)
Provision for Bad Debt	25,085	20,000	(5,085)	24,000	(1,085)
Corporate Expenses	527,082	551,625	31,469	661,950	134,868
Expenses	8,224,496	8,947,380	729,809	10,736,855	2,512,359
Net surplus (Deficit)	1,012,986	245,005	774,908	294,000	(718,987)
Unrealized Gain/Loss on Investment	(268,571)	-	(268,571)	-	(268,571)
Net change in Net Assets-GVR	744,415	245,005	506,337	294,000	(450,416)

Green Valley Recreation, Inc.
Summary Statement of Activities

10 month period ending October 31, 2018

	Actual	Annual Budget	%
REVENUES:			
Member Dues	\$ 5,519,749	6,672,756	82.7%
Life Care, Transfer, Tenant & Add'l Card Fees	617,258	696,017	88.7%
New Member Capital/Initial Fees	2,058,728	2,378,383	86.6%
Recreation Income	622,549	822,599	75.7%
Communication Income	131,127	132,000	99.3%
Investment Income/Realized Gains	249,301	280,000	89.0%
Other Income	38,770	49,100	79.0%
Total Revenues	9,237,482	11,030,855	83.7%
EXPENSES:			
Facilities & Equipment	2,907,490	3,611,734	80.5%
Personnel	3,743,735	4,912,808	76.2%
Program	613,635	799,636	76.7%
Communications	142,959	172,120	83.1%
Operations	289,596	578,607	50.1%
Corporate Expenses	527,082	661,950	79.6%
Total Expenses	8,224,496	10,736,855	76.6%
Net Change in Net Assets from Operations	1,012,986		
From Investment Activity:			
Net Unrealized Market Value Change	(268,571)		
Net Excess (Deficiency) GVR (All Reserves)	\$ 744,415		
MRR Funding	(783,346)		
Restricted Investment Earnings	(145,056)		
Net Surplus (Deficit)	(183,987)		



GREEN VALLEY RECREATION, INC.

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

As of Date: October 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	\$ 744,415	744,415				
Transfers between unrestricted and reserves:						
Reserve Study Allocation	-	(783,336)			783,336	
Principal Transfers		388,626			(1,129,620)	500,000
Depreciation		1,268,032	(1,268,032)			
Purchase of Fixed Assets		(1,053,378)	1,053,378			
Transfer For Fixed Asset Purchase		240,994				-
Allocations of Net Change components:						
Investment income	-	(145,056)		14,322	96,737	33,997
Investment Expenses	-	6,685		(6,335)	(349)	-
Unrealized Gains (Losses) on Market	-	263,381		(51,521)	(169,126)	(42,735)
Repairs and replacements	-	-				
Net change to October 31, 2018	744,415	930,364	(214,654)	(43,535)	(419,022)	491,263
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 October 31, 2018	\$27,572,744	2,345,603	16,472,272	886,806	5,845,251	2,022,812



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	1,383,336	100,000	-	783,336	500,000
Rebalance Transactions	-	-	-	-	-
Investment income	182,210	37,153	14,322	96,737	33,997
Withdrawals	-	1,129,620	-	(1,129,620)	-
Investment Expenses	(6,685)	-	(6,335)	(349)	-
Net Change for 10 Months	1,558,861	1,266,773	7,986	(249,896)	533,997
Balance before Market Change at October 31, 2018	11,833,782	2,815,531	938,328	6,014,376	2,065,547
10 month Change in Unrealized Gain (Loss)	(268,571)	(5,190)	(51,521)	(169,126)	(42,735)
Balance at October 31, 2018 (at Market)	\$ 11,565,211	2,810,342	886,807	5,845,250	2,022,813



EXHIBIT

Board Resolution 2019 Budget Plan Z ver. 2

Board of Directors Meeting
December 4, 2018

Whereas, as of October 30, 2018 the Board of Director failed two times to pass a 2019 Budget.

Whereas, Green Valley Recreation Inc. Bylaws require a budget by December 10 of the current calendar for the succeeding fiscal year starting January – Article III, Section 4.

Whereas, on October 30, 2018 the Board of Director formed the Ad Hoc 2019 Budget Reconciliation Committee (the “Ad Hoc Committee”) with the following members: Director Denise Nichols as chairperson; Director Roger Myers; Director Tom Sadowski, Director Charles Sieck and Kent Blumenthal, CEO, as liaison GVR staff person, to formula a compromise 2019 budget.

Now, therefore, resolved to approve and adopt the 2019 Operating and Capital Budgets known as Plan Z ver. 2 as presented below and in the attached 2019 Fee Schedule, 2019 Club Requests Expenditures, 2019 MRR Reserve Expenditures, 2019 Non-Reserve Capital Expenditures, 3-Year Capital Plan.

Continued next page...

Total Revenue of \$11,479,090 with 2019 annual dues and Life Care member dues at \$493.

Subtract: Total Expenses of \$10,550,000

Subtract: Estimated Unrealized Investment Loss of \$150,000 loss.

Change in Net Assets:

Total Revenue	\$ 11,479,090
Subtract: Total Expenses	(\$ 10,535,462)
Subtract: Investment Unrealized Loss	(\$ 150,000)
Change in Net Assets	\$ 793,628

Add-back non-cash Depreciation Expense from Operating Budget of \$1,309,109

Subtract: Reserve Funding:

Maint., Repair, Replace Reserve from Reserve Study	\$ 966,323
Initiatives Reserve by CPM formula	\$ 542,488
Emergency Reserve	\$ 0
Total	\$ 1,508,811

Subtract: Capital Budget Projects:

Non-reserve Capital Projects funded from operations	\$ 513,926
Club Requests funded from operations	\$ 80,000
Total	\$ 593,926

Surplus/(Deficit): \$0

Change in Net Assets	\$ 793,628
Add: Non-cash Depreciation Expense	\$ 1,309,109
Less: Reserve Funding	(\$ 1,508,811)
Less: Capital Budget Projects	(\$ 593,926)
Surplus/(Deficit)	<u><u>\$ 0</u></u>

2019 Budget Plan Z ver. 2 Highlights:

General Agreements:

One-time no member dues and no Life Care dues increase over 2018 dues of \$493.00. The 2020 budget may increase member dues and Life Care dues.

The difference between 2019 budget Plan Z ver. 2 total revenue and member dues/Life Care dues revenue will be made up by increases in non-dues revenue.

2019 budget Plan Z ver. 2 total revenue of \$11,479,00 is 1.0% less than the original 2019 budget but 4% greater than 2018 budget. 2019 expense adjustments should not negatively impact GVR employees.

2019 budget Plan Z ver. 2 total expenses of \$10,550,000 are 2.0% less than the original 2019 budget and 1.7% less than the 2018 budget.

Total 2019 budget Plan Z ver. 2 expenses includes \$50,000 to hire an Assistant Facilities Project Planner to assist in resolving the facilities planning workload with a personnel requisition to be executed immediately.

CEO will determine 2019 budget Plan Z ver. 2 expense allocation adjustments as allowed by GVR's CPM without Board micromanagement but reduction in the level of GVR services is not permitted.

The 2019 budget Plan Z ver. 2 adds \$105,926 over the original 2019 to non-reserve capital budget for a total \$513,926. GVR has deferred and delay many maintenance and repair projects evidenced by the original non-reserve capital budget being cut by \$348,000 from \$756,000 to \$408,000.

The ad hoc committee recognizes that GVR has significantly fallen behind in reserve study maintenance, repair and replace work as evidenced \$1.8 million in 2019 maintenance, repair and replace items. The growing number of postponed work must be seriously attacked and reduced.

If 2019 actual expenses appear to be exceeding the 2019 budget Plan Z ver. 2 total expenses and an operating deficit may be occur, the CEO may request the Board of Directors to reallocate up to \$100,00 of the 2019 non-reserve capital budget to reduce it to no less than \$408,00 which is the original 2019 budget non-reserve capital budget amount. Such request can be made within 30 days after the end of fiscal quarter with a detailed justification including a Projected Fiscal Year-End Statement of Activity, i.e., Statement of Income. statement of Income.



GREEN VALLEY RECREATION, INC.

FY 2019 Plan Z Version 2

		Difference 2018-2019
ANNUAL DUES	\$493	(+ \$0)
Annual assessment		
LIFE CARE MEMBER Annual Fee	\$493	(+ \$0)
Annual assessment for former GVR members residing in a residential care facility in the greater Green Valley area.		
INITIAL FEE	\$2,427	(+ \$55)
CPI-U All Items 2.3% = \$2,426.56 rounded up = \$2,427 Charged when a voluntary GVR deed restriction is placed on a property or when a developer sells a property in a mandatory GVR deed-restricted subdivision.		
NEW MEMBER CAPITAL FEE (NMCF)	\$2,616	(+ \$142)
Charged when there is a change in title of a GVR property. 5.7% increase = \$2,616. If after the change in title, more than 50% of the new owners are currently or have been GVR members in the last 365 days, the New Member Capital Fee will not apply.		
TRANSFER FEES		
Charged whenever title to a GVR property is changed in addition to the Initial Fee or the NMCF.		
• With NMCF or Initial Fee	\$350	(+ \$ 0)
• Estate Planning	\$100	(+ \$ 0)
TENANT FEES (per person)		
Charged when an individual leases and pays rent to a GVR member for use of a GVR property.		
• 1-7 day tenant card	\$20	(+ \$5)
• 2 week tenant card	\$30	(+ \$5)
• 1 month tenant card	\$40	(+ \$5)
• 2 month tenant card	\$75	(+ \$5)
• 3 month tenant card	\$115	(+ \$10)
• 4-12 month tenant card	\$150	(+ \$15)

GUEST FEES (under 18 years old no card required)

Charged for temporary visitors of a member, assigned member, Continuing Residential Care Facility member or tenant, who lives more than 20 miles outside GVR's corporate jurisdiction. Tenants may only purchase the daily guest pass.

- Annual card for the year with unlimited guests and unlimited visits \$65 (+\$5)
- Guest card-unlimited guests per day \$10 (+\$5)

ADDITIONAL CARDHOLDER CARD \$100 (+\$15)

Charged to an individual who shares a common household with a GVR member to have the right to use GVR's facilities. Proof of residency is required.

GVR
Club Expenditures
FY 2019

<u>CLUB</u>	<u>Description</u>	<u>BUDGET</u>
Woodworkers	ADA Ramps	
Woodworkers	Patio Improvements	\$ 11,000.00
Clay	HEP filters	\$ 15,000.00
Camera	Theatre Projector DH	\$ 6,000.00
Glass	Kiln and storage WC	\$ 4,500.00
Metal	Workspace buildout	\$ 9,000.00
SA Art League	Vido camera DeAnza room	\$ 1,500.00
SA Art League	Computer projector	\$ 1,300.00
Swim	Pace clocks (2) WC	\$ 4,290.00
Tennis	Shade structure court 3	\$ 27,000.00
	contingent	\$ 410.00
TOTAL		<u>\$ 80,000</u>

FY2019 Non-MRR Reserve Capital Projects

Deferred from approved 2018 non-MRR Reserve Capital

Abrego South	Shade for Volleyball courts	\$22,000
AO	Fire Suppression – IT Server RM	\$15,000
AO	TI Vacated FM area	\$30,000
AO	Electrical Upgrade for Metal Shop	\$34,213
Casa Paloma 1	Shuffleboard courts	\$70,000
East Center	Deck Drains	\$13,000
West Center	Auditorium Lighting	\$23,000
West Center	Electrical/Mechanical Glass	\$27,713
West Center	Woodshop ceiling tile	\$8,000
TOTAL		\$242,926

Deferred from approved 2018 Club Requests

Abrego South	Convert grass to sand volleyball	\$20,000
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Deferred from 2017 Center Assessments

Las Campanas	Shade structure – pool Equip.	\$17,000
Madera Vista	Parking lot lights	\$30,000
Continental Vistas	Shade – pool deck	\$20,000
TOTAL		\$67,000

New non-MRR Reserve

Madera Vista	Tennis court to post-tension	\$64,000
FMB	Fleet Vehicle – Court Maintenance	\$36,000
FMB	New Pavement	\$25,000
FMB	Dump Trailer	\$8,000
West Center	HEPA - Woodshop	\$15,000
West Center	Tie-in Lapidary drain to sewer	\$20,000
West Center & LC pools & spas	Clear Comfort – Pools and spas	\$16,000
TOTAL		\$184,000

2019 Non-MRR Reserve Capital Total	\$513,926
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Updated 11/28/2018

GUEST CARD LIFE CARE Bylaw Compliance -Exhibit 3

Unanimous approval 11/13/18

OVERVIEW: Lifecare Compliance

Life Care Privileges has been addressed in the GVR Bylaws since at least 1996. These individuals have never been classified as a “Member” of GVR nor have they ever had the status of a GVR member. Until August, 2017, the only privileges extended to Life Care members per the bylaws was the use of GVR facilities for payment of a fee established by the Board of Directors. Since at least 1985 the GVR bylaws have provided that “members” and others may have guests accompany them while using the facilities.

This right has never been extended to Life Care members. A historical review of the bylaws clearly shows that Life Care members, have never been considered “Members of the Corporation” for the purpose of voting, running for office, being on a committee or having guests. Because CRCF Residents are allowed to have guests pursuant to the Bylaws, they were added above.

However, because CRCF Residents are tenants, the change provides the same guest rights as for tenants. The following changes are proposed to bring the CPM in compliance with the bylaws.

Changes suggested for Subsection B

- #1. CRCF Resident added and Life Care removed to comply with the bylaws.
- #2. Added the preposition “in” for grammatical correctness.
- #3. Added Assigned member, CRCF Resident and Tenants for clarification.
- #6. Deleted because because redundant.
- #8 & 9. Added Daily Guest Card for clarification.
- #11. Deleted. In number 3 above.
- #13. GVR bylaws provide the only penalty for violating the Rules and regulations is a suspension. The non conforming language has the strikeout.
- #15. Deleted.

Changes suggested for Subsection C

- # 7c Deleted violates the bylaws.

SECTION II – MEMBERSHIP

SUBSECTION 2. GENERAL

B. Guest Policy (updated 8/29/2017)

1. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant, **or CRCF Resident** ~~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 **in** a non-GVR property within the jurisdiction of the corporation is not an eligible guest.
3. GVR Members, **Assigned Members, CRCF Residents and Tenants** may purchase an Annual Guest Card for a fee determined by the Board of Directors. GVR members, **Assigned Members, CRCF Residents and**

Tenants may also purchase Daily Guest Cards for an additional fee. Limit one (1) Annual Guest Card per household. The Annual Guest Card allows for an unlimited number of guests and guest visits. Daily Guest Cards 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 only for the property in which they reside.
5. No more than 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 Annual Guest Card/**Daily Guest Card** when visiting GVR facilities. Multiple guests visiting the same facility may use the same Annual Guest Card /**Daily Guest Card**.
9. Guests under the age of 18 do not require Annual Guest Cards/**Daily Guest Cards** and must be accompanied by a GVR-issued card-carrying adult.
10. Replacement of a lost or damaged Annual Guest Card 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. For a fee determined by the Board of Directors, tenants with guests may purchase a day **Daily Guest Card** for each guests over the age of 18.~~
- ~~112.~~ 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.
- ~~123.~~ At management's discretion, guest usage of GVR facilities may be limited to nonprimetime 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, **anyone** who abuses 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.~~
- ~~134.~~ 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.

- ~~15. 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.~~

C. Life Care Privilege (updated 6/26/2018)

1. Life Care Users are former GVR members in good standing who currently reside in a life care facility in the Greater Green Valley area and have requested, for a fee, to have GVR privileges extended to them.
2. The former GVR member of a membership property must make an annual application in the Membership office.
3. An individual annual fee will be charged at a rate determined by the Board, either for the full year or prorated as required. This fee is non-refundable.
4. A “Life Care Facility” is defined as a continuing care retirement community, assisted living community, as well as those communities defined in the Arizona State Statutes regarding Life Care Contracts.
5. A distinctive identification card will be issued by GVR, which will permit the individual to use GVR facilities, register for programs and attend club functions.
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 or be a member of a Committee of the Board.
 - b) May not vote for any membership issues.
 - ~~c) Life Care Users may purchase guest cards following the same guidelines established for guests of any GVR Member.~~

Motion: The Board Affairs Committee #1 goal is to bring our Corporate Policy Manual in compliance with our bylaws.

Therefore, I move that the above proposed changes to Section II, subsection 2 of the Corporate Policy Manual be approved by the Board of Directors.

Note to Board:

To comply with legal review of Sept 9, 2018:

B 1 We added “CRCF Resident”. We had already removed “Life Care User” .

B 3 Added "CRCF Resident" and deleted "Life Care Users" . We had added tenants to the 2nd sentence.

B 6 Wendy asked that the 2nd sentence be left in, but we had already added the right of tenants to B 3.

Reference: Art. II, Sec. 3(vi) of the Bylaws.

Relevant Bylaws

ARTICLE II — MEMBERSHIP PROPERTY AND MEMBERS

Section 3: Definitions

A. Additional Card Holder is an individual who shares a common household with a GVR Member and, with payment of a fee established by the Board of Directors, has the right to use GVR's facilities.

B. Assigned Member is an individual who occupies a GVR Property without paying rent and has been assigned the right to use GVR's facilities by the GVR Member owning such GVR Property, pursuant to Article II, Section 2.

C. Tenant is an individual who leases and pays rent for the use of a GVR Property from a GVR member and may not be an Assigned Member.

D. Commercial Residential/Care Facility (CRCF) is a commercial property that leases residential units and/or provides its residents with care related services.

E. Commercial Residential/Care Facility Resident (CRFC Resident) is a resident of a Commercial Residential/Care Facility.

F. Guest is a temporary visitor of a GVR Member, Assigned Member, CRCF Residents, or Tenant who lives more than twenty (20) miles outside GVR's Corporate Jurisdiction.

G. GVR Member is an individual who holds Membership in GVR as set forth in Article II, Section 2.

H. GVR Property is residential property as set forth in Article II, Section 1.

I. Life Care Member is a former GVR Member residing in a residential care facility in the greater Green Valley area who has been extended privileges to use GVR facilities by the Board of Directors.

Note:

Matters presented for legal review by the GVR Board Affairs Committee shall be reviewed only to determine if the matter is in compliance with state law, GVR Articles of Incorporation or GVR Bylaws. If not in compliance, the reason for such noncompliance should be stated, including if words or phrases are unclear or ambiguous. No further opinion or recommendation is to be provided unless specifically requested. (Approved unanimously by BAC on Nov. 13, 2018)

COMMITTEES – BYLAW COMPLIANCE and More Exhibit 2

OVERVIEW: **Committee Chair appoints committee members.**

The Board Affairs Committee's #1 goal is to bring our Corporate Policy Manual in compliance with our bylaws. This motion deals with the right of a committee chair to choose his or her committee members. Our bylaws clearly state that each committee chairperson chooses their own committee. The pertinent bylaw is included below.

Ballot: Pro and con statements

Board Affairs believes that pro and con statements for our GVR ballot will be better served by asking for member input via GVR publications. N&E and BAC are in favor of measures, or they would not be on the ballot, so writing against them provides a weak "con". It is our suggestion that our Bylaw Ad Hoc committee be assigned this task for the 2019 ballot.

Legal review clarification

BAC also has written in a section to clarify legal review for BAC and Bylaws Ad Hoc Committee.

COMMENTS:

Exhibit 2 11/13/18

B.1. Bylaws require that all committee chairs be Directors.

B.2. Per the bylaws, The Board is charged with establishing the duties of the Standing Committees. The President is charged with establishing Special or Ad Hoc committees including the purpose, duties and duration subject to Board approval.

B.4. Per the bylaws, the committee chair selects the committee members.

B.7. The committee chair selects the committee members. The CEO appoints Committee liaison if needed.

C.1.g. Clarifies that legal review is to insure that proposed revisions are compliant with existing law and the Articles of Incorporation and the process to obtain that review.

C. 1. h. Deleted. Has not been used.

SECTION VI – BOARD/BOARD COMMITTEES

SUBSECTION 4. BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES

B. Committees of The Board of Directors (updated May 22, 2018)

1. Standing Committee Chairpersons shall be Directors, appointed by the Board President. Ad Hoc and Special Committee Chairpersons shall be appointed by the President, ~~but need not be Directors.~~ All Chairpersons must be approved by the Board.

2. The Board will establish the duties and responsibilities of the **standing** committees. Each committee shall make policy recommendations to the Board for consideration. **Purpose, duties and duration of Special or Ad Hoc Committees shall be established by the President with Board approval.**

3. Committee meetings will normally be open to all GVR members, but may be held in closed session, at the discretion of the committee or subcommittee chairperson.
4. The President may establish special or ad hoc committees. ~~comprised of members/assigned members in good standing, Directors and Administrative Staff.~~
5. Committees are not required to follow Robert's Rules of Order.
6. Meetings shall be set by the Chairperson and shall be conducted as needed, but not less than quarterly.
7. ~~At least one other committee member shall be a Director of the Board.~~ Committee members shall be GVR members in good standing, appointed by the Chairperson, ~~and staff members selected~~ **Staff Liaison shall be appointed** by the Chief Executive officer. To the extent possible, committees will include members knowledgeable about the functionality of that specific committee.
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.

C. Duties and Responsibilities of Board Committees

1. Board Affairs Committee

- a. Recommend modifications in organizational policies and governing values to help guide the Board in achieving its strategic goals. Assist the Board in effectively carrying out its governing functions in such a manner so as to clearly delineate the roles and responsibilities between governance and management.
- b. Review and recommend revisions, when appropriate, to the governing documents of the Corporation.
- c. Endeavor to maintain a community link with residents of the greater Green Valley community.
- d. Review and recommend Board action on group applications for GVR "Club Status."
- e. Where appropriate, recommend modification to GVR club policies, in keeping with the best interest of the Corporation.
- f. Review the Articles of Incorporation, the Corporate Policy Manual, and the Bylaws for updates and revisions. Changes may be editorial, necessary for continuity between governing documents, necessary due to changes made in Board or committees meetings, or proposed by member input.
- g. Forward all proposed revisions to the Articles of Incorporation, **bylaws and appropriate CPM matters to the CEO for legal review** ~~legal counsel to insure they are in compliance with State and Federal laws and the Articles of Incorporation.~~ ~~for opinion,~~ including the effect on tax-exempt status. After **legal review** ~~consultation~~, the specific wording of the recommended modifications **from the committee** shall be forwarded to the Board for their review and

appropriate action.

~~h. Develop pro and/or con statements for ballot proposals being submitted to the membership for a vote. GVR members are strongly encouraged to present their positions to the committee for consideration, and possible inclusion, in the pro and con statements.~~

hi. Meet with Club officers to adjudicate any disputes concerning the Annual Club Agreement.

Motion: I move that the above proposed changes to Section VI, Subsection 4 , paragraphs B and C of the Corporate Policy Manual be approved by the Board of Directors.

Relevant Bylaws

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 4: Responsibilities of Officers

A. President. The President shall preside at all meetings of the Board of Directors and at meetings of the membership and shall carry out all orders and resolutions of the Board of Directors and shall sign all formal written instruments such as notes, leases, mortgages, deeds, and contracts other than recurring operational contracts which the Board by appropriate resolution has exempted from this requirement. Contracts signed by the President must receive prior legal review and Board approval. **The President shall nominate chairpersons of the Board Committees**, submit these nominees for Board approval, and in cooperation with the Chief Executive Officer, ensure effective work of these committees. In the absence of the President, the Vice President shall perform all the duties of the President. Should the Vice President also be absent, the duties of the President shall be performed by the Senior Officer present.

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

Section 3: Composition of Committees

The Chairperson of the Audit Committee shall be nominated by the President of the Board and the Finance Director of the Corporation with Board approval. **The Chairperson of each Standing and other Special Committee(s) of the Board shall be a member of the Board nominated by the President with Board approval.** Committee members shall be members of The Corporation and/or members of the operations staff. **Committee members shall be selected by the Chairperson of the committee.** The President shall be an ex-officio member of all committees excluding Nominations & Elections, and Audit Committees.

Section 5: Open Meetings

All Committee meetings, subcommittee meetings and working session meetings are closed or open meetings at the **discretion of each such Committee.**

Note:

Matters presented for legal review by the GVR Board Affairs Committee shall be reviewed only to determine if the matter is in compliance with state law, GVR Articles of Incorporation or GVR Bylaws. If not in compliance, the reason for such non compliance should be stated, including if words or phrases are unclear or ambiguous. No further opinion or recommendation is to be provided unless specifically requested. (Approved unanimously by BAC on Nov. 13, 2018)

**Recommendation from the Bylaws Ad Hoc Committee
Revision to the GVR Bylaws for Inclusion in the 2019 Election
November 29, 2018**

Motion: To place on the 2019 GVR ballot the Bylaw change of adding “Life Care Members” in the rights of members to have Guests sections of the current Bylaws [i.e. Article II, Section 3 (F) and Section 4 (A.3)].

The Bylaws Ad Hoc Committee is recommending “Life Care Members” be added to the current GVR Bylaws Article II Membership Property and Members, Section 3 (F) Definitions and Section 4 (A.3) Member Privileges (i.e. include Life Care Members in the rights of members to have Guests). Additional recommended wording is in bold in the designated Bylaw sections below.

ARTICLE II – MEMBERSHIP PROPERTY AND MEMBERS

Section 3: Definitions

F. Guest is a temporary visitor of a GVR Member, Assigned Member, **Life Care Member**, CRCF Resident, or Tenant who lives more than twenty (20) miles outside GVR’s Corporate Jurisdiction.

Section 4: Use of Facilities

A. Member Privileges

3. GVR Members, Assigned Members, CRCF Residents, **Life Care Members**, and Tenants may have Guests use all GVR facilities subject to the then current rules, regulations, and fees established by the Board of Directors.



November 28, 2018

Carol Crothers
GVR President

Dear Ms. Crothers:

Congratulations to Green Valley Recreation, Inc. (GVR)!

GVR's 2019 grant application for Member Assistance Program (MAP) funding was unanimously approved by the GVR Foundation Board. Rest assured, as a board, we will do everything in our power to raise up to \$20,000 for qualifying GVR members needing assistance in paying their annual dues.

Enclosed is the Grant Agreement and Addendum A for the Member Assistance Program. Both of these documents follow the guidelines of our attorney who specializes in nonprofits. Please obtain GVR Board approval and sign **by December 5, 2018** so that GVR Foundation can broaden the scope of our campaign on GVR's behalf.

We should hear shortly on the White Elephant grant we submitted earlier this fall for MAP funding, and we anticipate a positive outcome.

Sincerely,

Blaine Nisson
GVR Foundation President

Enclosures:

- MAP Grant Agreement
- Addendum A – Member Assistance Program (MAP) / GVRF Policy

C: GVR Board
GVR Foundation Board
Dr. Kent J. Blumenthal, Chief Executive Officer, GVR

GRANT AGREEMENT

2019 Member Assistance Program [MAP] Between GVR Foundation & Green Valley Recreation, Inc.

GVR Foundation Authorized Program Funding up to \$20,000.00

THIS AGREEMENT, entered December 5, 2018 by and between **GVRF Foundation** (herein called "**GVRF**") and **Green Valley Recreation, Inc.** (herein called "**GVR**").

RECITALS

Whereas, the mission of Green Valley Recreation, Inc., is to provide recreational, social and leisure education opportunities that enhance the quality of its members lives; and

Whereas, the Member Assistance Program (MAP), established by the Green Valley Recreation, Inc. in 1995, provides financial assistance to qualifying GVR members experiencing financial hardship and unable to pay GVR annual dues; and,

Whereas, GVRF was organized and operated exclusively for charitable, educational, health and wellness, recreation and safety purposes that benefit the residents and community of Green Valley, Arizona.

Whereas, GVRF was recognized by the IRS as an IRC 501(c)(3) tax-exempt, charitable organization in February, 2015; and

Whereas, the IRS has determined that the Member Assistance Program [MAP] is an eligible recipient of GVRF grant funding; and

Whereas, GVR will encourage its 24,000+ members to contribute to the GVR Foundation.

NOW, THEREFORE, it is agreed between the parties hereto that:

SCOPE OF SERVICE

GVR is responsible for administering the 2019 Member Assistance Program in a manner satisfactory to GVRF and consistent with any standards required as presented in this Agreement.

Program Delivery

1. GVR will use this grant only to provide funding to eligible GVR members who need assistance in payment of 2019 annual GVR dues as described in the budget included in the request.
2. GVR will solicit in December and January 2019 an "invitation for application" from GVR members for MAP program financial assistance.
3. GVR will hold at least one (1) orientation about MAP for interested applicants.

4. GVR will accept completed applications and required documentation on or before **February 1, 2019**.
5. GVR will review each application and required documentation for eligibility based on established GVRF Policy [**see Addendum A**].
6. GVR will determine eligible applicants and maintain a file of eligible and ineligible applicants.
7. GVR will send out award letters or letters of denial (with reason provided) to each MAP applicant. Copies of the letters will be kept in each applicant's file.
8. The Grant, as well as income earned from any investment of the Grant funds, will be maintained in a separate fund dedicated for charitable and educational purposes.
9. GVR will provide to GVRF a final report that includes all grant funds expended by **March 15, 2019**. Any unused funds will be returned to GVRF by **April 15, 2019**.
10. The Foundation may monitor the progress of the project financed by the Grant (including by making site visits), discuss the project, its implementation, and finances with representatives of the Grantee, and review records and other material, including financial records, connected with the project.
11. Under no circumstances may Grant funds be used to support or oppose any candidate for public office (at any level of government) or for partisan electioneering activities.
12. Grant funds may not be used for activities aimed at influencing legislation (lobbying), except as might be necessary and appropriate to influence legislation that relates specifically to the project for which the Grant funds have been awarded. Any such lobbying activities must be reported to the Foundation, including the exact amounts spent on such lobbying activities, details of the relevant legislation and how it relates to the funded project, and any other details as may be requested by the Foundation.

Staffing

GVR will provide all staffing required to administer the Member Assistance Program (MAP) without charge to the grant amount.

2019 Approved Program Budget

The approved Member Assistance Program budget is up to \$20,000.

Performance Criteria

Performance Criteria included in the Final Report may include, but is not limited to, the following elements:

1. GVRF Recognition

GVR shall insure recognition of the role of GVR Foundation in providing services through this contract. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to the GVRF funding source. In addition, GVR will include a reference to the support provided herein in all publications made possible with funds made available under this agreement (include copies of GVR Communications).

2. Tax-Exempt Donations:

Provide the following notice in all GVR communications concerning the 2019 MAP:

"After consultation with legal counsel, GVR Foundation has determined that donations to the Foundation that support the Member Assistance Program (MAP) are tax-exempt consistent with IRS regulations. Consult your accountant or financial advisor for further clarification."

3. Number of successful MAP applicants, with award amounts.
4. Number of ineligible MAP applicants.
5. Copies of correspondence received from MAP award recipients (e.g., 'thank you' letters / email).
6. Report on 2019 MAP to the GVR membership at the 2019 Annual Meeting of Members; and make report available to GVRF.

PAYMENT

It is expressly agreed and understood that the total amount to be paid by GVRF under this contract is dependent upon the amount of financial contributions received by the Foundation for 2019 MAP. In any case, the total grant award shall not exceed **\$20,000.00**.

Notification to GVR of the 2019 MAP grant award amount from GVRF will be made no later than **February 1, 2019**.

GVRF payment to GVR of the 2019 MAP grant award amount will be made no later than **March 1, 2019**.

NOTICES

Communication and details concerning this contract shall be directed to the following contract representatives:

GVR Foundation

EIN: 47-1457323

GVR Foundation President
1070 S. Calle de las Casitas
Green Valley, AZ 85614

Green Valley Recreation, Inc.

EIN: 23-7185629

Kent J. Blumenthal, CEO
Green Valley Recreation, Inc.
1070 S. Calle de las Casitas
Green Valley, AZ 85614

GENERAL CONDITIONS

A. General Compliance

GVR agrees to comply with all applicable federal, state and local laws and regulations governing the funds provided under this agreement.

B. Hold Harmless

GVR shall hold harmless, defend and indemnify GVRF from any and all claims, actions, suits, charges and judgments whatsoever that arise out of GVR's performance or nonperformance of the services or subject matter called for in this agreement.

C. Amendments

GVRF may, in its discretion, amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of, the activities to be undertaken as part of this Agreement, such modifications will be noticed in writing to GVR.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

GVR Foundation

Green Valley Recreation, Inc.

Contract Representative:

Contract Representative:

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date



Addendum A

MEMBER ASSISTANCE PROGRAM (MAP) GVR Foundation Policy

Adopted: November 28, 2018

SECTION I - GENERAL

The Member Assistance Program (MAP), established in 1995, provides financial assistance to qualifying GVR members experiencing financial hardship and unable to pay GVR annual dues.

GVR Foundation solicits outside funding for MAP from GVR members, staff, clubs, fundraisers and local community organizations.

SECTION II - ELIGIBILITY

GVR members eligible to participate in MAP:

- A. Must have a household income of not greater than 200% of the FEDERAL POVERTY GUIDELINES.
- B. GVR member for at least 12 months.
- C. Self-paid GVR annual dues for one (1) year.
- D. GVR member in good standing – no delinquent annual dues at time of application.
- E. Reside in GVR home year-round.
- F. GVR home must be your private residence.
- G. MAP grant recipients must reapply each year. GVR cannot use any prior year's submission information.

NOTE: GVR members who own an additional home or rental property are not eligible for MAP.

SECTION III – APPLICATION PROCESS

GVR members interested in applying for MAP must complete an application form available online at www.gvrec.org or at the GVR Administrative Offices. You may be asked to provide additional information if needed to complete the evaluation of your application. Any inaccurate information may result in denial of the application. Completed applications with supporting documentation will be reviewed in a timely manner to determine whether full dues or partial dues' assistance is warranted based on each individual situation. For partial MAP grant awards, GVR members are required to pay their portion in advance of receiving the MAP award or a payment plan may be set-up for the annual dues' balance required. **All information is kept confidential.** You will be notified by USPS first class mail of the status of your application.

SECTION IV – REPAYMENT OF MAP FUNDS

Repayment of MAP funds is required if your home is sold or rented during the year of MAP award. The amount owed will be determined at the time of sale/rent and reimbursement to the GVR Foundation is required. No liens or collections may be assessed on GVR homes owned by a MAP grant recipient.



Fiscal Affairs Committee

Required transfer to Initiatives for Balance of 2017 Unrestricted Net Assets

Overview

GVR Inc. has closed the books for 2017 and received the Audited Financial Statements for the Year Ended December 31, 2017. After making adjustments to the Audited Total Increase in Net Assets from Operations of \$2,081,372 and adjusting for Unrealized Gains and Losses in Investment Market Value, Depreciation, New Purchases, Reserve Study Provisions to Capital Reserve, and Reserve Accounts Net Investment Income, the balance of the Unrestricted Net Assets from 2017 operations equal \$283,285. The amounts from the 2017 that determine this balance is attached.

Recommendation

The Fiscal Affairs Committee recommends that \$283,285 be distributed from the Operating Cash account to the Initiatives Fund.

Approved by Fiscal Affairs Committee

Roger Myers, Chairman

Date

Calculation of 2017 Unrestricted Funds Available for Distribution to Reserve

	<u>FY 2017</u>
Total Increase in Net Assets from Operations	\$ 2,081,372
Net Unrealized Market Value Change	<u>\$ (372,009)</u>
Net Change in Net Assets from Operations	\$ 1,709,363
Depreciation	\$ 1,262,126
Purchases of PP&E	\$ (1,600,745)
Reserve Study Provision to Capital Reserve	\$ (914,400)
Net Investment Investment Income - Reserve Accounts	<u>\$ (173,059)</u>
Balance of Unrestricted Assets from 2017	<u>\$ 283,285</u>