



AGENDA

BOARD OF DIRECTORS MEETING

Tuesday, March 19, 2019

1:30pm – West Center Auditorium

Directors: 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 (non-voting)

	Agenda Topic	Director	Exhibit	Action
1.	Call to Order / Quorum	Coon		
2.	Adopt Agenda	Coon	X	X
3.	Consent Calendar A. February 26, 2019 Minutes B. January 2019 Financial Statements	Coon	X	X
4.	President Report	Crothers		
5.	CEO Report	Blumenthal		
6.	Committee Reports A. Board Affairs 1. CPM Amendment – Membership ID Cards 2. CPM Amendment – Guest Policy B. Fiscal Affairs 1. Proposed Bylaws Amendment – Change in date for schedule of dues C. Planning & Evaluation 1. Update – GVR Capital Projects 3-5 Year Plan for 2020 D. Audit E. Nominations & Elections F. Investments Ad Hoc 1. Financial Advisor Recommendation G. GVR – GVR Foundation Ad Hoc H. Bylaws Ad Hoc	Vanderhoof Myers Coon Sieck Nichols Sadowski Stewart Chalmers	 X X X X X X	 X X X X X
7.	Unfinished Business A. Recording of January 29 Board Meeting pertaining to Pickleball Center Funding B. Approval of January 29, 2019 Minutes	Coon Coon		 X
8.	New Business			
9.	GVR Foundation Update	Counter		
10.	Member Comments			
11.	Executive Session (if necessary)			
12.	Adjournment			X

Members and guests are expected to show respect and common courtesy and refrain from using offensive language and behavior. The Board may recess or adjourn into Executive Session to consider legal or personnel issues, if necessary.



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, February 26, 2019 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), Kris Zubicki (Interim Recreation Director), Miles Waterbury (Communications Specialist), Karen Miars (Administrative Assistant), Payton Snider (System Administrator), Jason King (IT Technician)

Visitors: 48 (includes additional staff)

1. Call to Order / Establish Quorum

President Crothers called the meeting to order at 1:30pm MST.
Roll call by Secretary Nichols; Quorum established.

2. Adopt Agenda

MOTION: Sadowski / Seconded. Adopt Agenda as presented.
Passed: 9 yes / 2 no (Campfield, Lambert)

~~~Gail Vanderhoof joined the meeting.

**3. Approve Minutes of January 29, 2019**

**MOTION: Campfield / Seconded. Approve January 29, 2019 Meeting Minutes as presented.**

**MOTION TO AMEND: Crothers / Seconded. Add comment following Motion 6.G. to state CEO Blumenthal and Director Crothers will work together to find an attorney.**  
**No Vote Taken.**

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

**Passed: unanimous**

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

**MOTION: Campfield / Seconded. Add recording of the January 29, 2019 Meeting Minutes pertaining to the Funding Recommendation – GVR Pickleball Center (6.B.1. Motion) to the March 19, 2019 Agenda to be played for the entire GVR Board of Directors.**

**Passed: unanimous**

**MOTION: Myers / Seconded. Approve February 12, 2019 Special Meeting Minutes as presented.**

**Passed: unanimous**

#### 4. **President Report**

Good afternoon. I hope you had a chance to arrive early and meet with our GVR board candidates. Every year we elect 4 new directors who will best represent our needs and expectations of GVR.

You know, we have a great deal to be thankful for here in Green Valley. We have a wonderful community of friendly, helpful people. We have a great recreational organization – GVR – with a long tradition of providing a wide range of recreational, social and educational opportunities at a very reasonable cost. And USUALLY we have great weather and wonderful views of the mountains and surrounding desert.

Why is it that people at the extremes try to create controversy? It is certainly happening at the national and international level, but, I guess I have higher expectations for those of us here in Green Valley. Let's treat each other with dignity, respect and common courtesy. We may bring different views to the table, but usually carefully considered diversity of opinion leads to better decision making.

A prime example is the work of our Investment Ad Hoc committee. Later in the board meeting the Investment Committee will bring forward a proposal for a new financial manager and professional management of our reserve accounts. They have worked tirelessly for almost a year. What a fine example of volunteers coming together for the betterment of our organization. I want to personally thank Chairman Tom Sadowski, Cheryl Moose, Roger Myers, Vicki Mournian, Gene Kasper and Steve Wilhelm for their professionalism and dedication to GVR.

I got a preview of our Member Assistance Program results for this year. Kent will cover this in more detail later in the meeting, but we raised over \$20K. Thanks to all of you who contributed.

Finally, pickleball. The new East Center courts are almost done and we are off and rolling on the new pickleball facility. Kent will give an update later, but you should know that I put a little challenge on the table in my meeting with Kent yesterday. Let's do everything possible to get our members playing on at least 8 to 12 courts at our new facility by the end of this year. Kent, are you up to the challenge?

#### 5. **CEO Report**

Good afternoon fellow GVR members, Board, and staff. I thank my fellow staff colleagues for helping me and the Board prepare for this regular session meeting of the Board. This report affords me an opportunity to update members on a few important and continuing activities, of which only one is on today's meeting agenda.

##### 1. **The GVR Pickleball Center, Phase I** – You may ask, 'What are the next steps?'

Step 1. This was the design plan that was submitted to Pima County Developmental Services for review. The review came back with only incidental changes requested, mostly with labeling of the plan itself.

Step 2. This involved a meeting on 2-15-19 of the PB Advisory Committee to determine adjustments to the overall plan and design to accommodate the initial amount of funding available. This is necessary so that WSM Architects and Engineers can finalize the site documents prior to resubmittal to the County, and submittal for building permit. Based on available funding, Principal Phase I adjustments will likely include:

- Between 12 – 16 courts.
- Reduced building structure that will have restrooms but defer a meeting room.
- Deferred instructional court.

Step 3: WSM and consultants will revise drawings and resubmit to County.

Step 4: This has WSM beginning Bid Solicitation documents.

##### **Proposed schedule from this point forward:**

- 3-15-19:
  - Site Development Package is resubmitted to Pima County for "back-check" review.

- WSM begins preparation of Bid Solicitation documents with GVR.
- 3-28-19: Building plans are submitted for Pima County plan review (5 days)
- 4-8-19: WSM issues Invitation for Bids to prequalified selected General Contractors. Bid period is approximately 3 weeks.
- 4-30-19: Approximate Bid date:
  - GVR and WSM review bids (2-3 weeks)
- 5-30-19: Approximate Bid Award date

## 2. **Arizona House Bill 2374**

HB 2374 was identified at the Special Board Meeting on February 12 as GVR's greatest priority. HB 2374 is a proposed bill in the Arizona State Legislature that would have a beneficial impact on Green Valley Recreation, Inc. if approved. The bill seeks to amend Arizona Revised Statutes §§33-1801 and 33-1802 of the Arizona Planned Community Act ("APCA"). GVR has never operated under the APCA based on its position that it does not meet the statutory definition of a planned community "association." Since GVR was formed in 1973, and established solely for the purpose of maintaining recreational facilities in various real estate developments in Green Valley, this legislation would serve to put any issue of the APCA's applicability to GVR to rest.

Making GVR subject to the APCA would likely have a substantial impact on its ability to maintain its facilities and services at current levels by restricting the type and amount of fees GVR may charge. And, because making organizations like GVR dependent on the APCA – which has been subject to change virtually every year since its inception – it could also have significant negative effects on how we operate in the future. For these reasons, it is important that GVR and its members support HB 2374. As of today, 130 GVR members, including yours truly and several GVR Directors, have signed on in support of the legislation.

HB 2374 was approved by the Government Committee on February 7. On February 20, it was passed by the Rules Committee. Yesterday, it was approved by both the House Majority Caucus and the House Minority Caucus. A third reading of the bill and final action by the full House of Representatives is expected soon.

## 3. **An Exhibit that recommends legal review of all proposed changes to GVR**

**governance-related documents** is on this meeting agenda. I crafted the Exhibit and requested that it be placed on the agenda. Here is why: At last week's Fiscal Affairs Committee (FAC) meeting, Committee Chair Myers introduced proposed changes in our Corporate Policy Manual concerning Reserve account language. I will refer to the Policy Manual as the 'CPM.'

On its face, the FAC recommendations are innocuous. But two Directors who serve on the Board Affairs Committee, Directors Vanderhoof and Sieck, rightly pointed out that since the Board Affairs Committee was obliged to seek legal review of its proposed changes to the CPM, then perhaps the Fiscal Affairs Committee should do so as well.

I was present for the Fiscal Affairs discussion. I think that Directors Vanderhoof and Sieck make a good point, and I believe that requiring legal review of all proposed changes to GVR governance-related documents would simplify our deliberative and decision-making processes, and actually save the Board and staff a lot of time, since no committee would then have to consider and debate whether or not legal review was necessary. Adopting this course of action would serve to expedite adoption of updated and future board policies, though of course there may be an additional financial cost. However, if you believe as I do that time is money, then perhaps expediting adoption of new policies is the most cost-effective and expedient way to go. The Board will discuss their preference about this Exhibit and recommendation shortly.

- ## 4. **The Third Annual Southern Arizona CultureFest** will be held this Saturday, March 2 in Tubac from 1-7pm. CultureFest is a fun, collaborative fundraising event that supports the Greater Green Valley Community Foundation and the GVR Foundation. This is the first year that CultureFest is held outside of GVR's West Center. CultureFest has free admission to the public and will feature Cuban & Afro-Brazilian music and dance performances. Do not miss it!

5. When you entered this Board meeting, hopefully you picked up a reprint of an article that appeared in the just-released March/April 2019 issue of ***Where to Retire* magazine**. The article singled-out GVR as an incredible source of recreational opportunity that helps make Green Valley a fabulous place to live. On its cover, *Where to Retire* states “Arizona’s Green Valley Has Top-Notch Recreation.” The lead-in to the five-page feature article reads, “Just 40 miles north of the Mexican border, Green Valley astonishes first-time visitors with its verdant landscape. Only 55-years old, the city has a slew of happy retirees who enjoy some of the best recreation facilities in the country.” The article quotes Patrick Devine, a local real estate agent, who stated, “GVR is like a master-planned community on steroids.”

I feel very good about this highly complementary article about Green Valley and GVR in a reputable magazine that has a national circulation, and you should too. I also appreciate that Mr. Divine stated that we were “like a master-planned community” instead of being a master-planned community, because we are not!

6. **Lastly, the Investments Ad Hoc Committee has undertaken a search to find a new investment advisor for GVR.** Tomorrow, CFO Cheryl Moose, Accounting Manager David Webster, and I will travel to Denver for a site visit with a financial advisor firm finalist to conduct due diligence on behalf of GVR. We’ll report to the Investments Ad Hoc Committee soon after our return to Green Valley.

Thank you for joining us today and stay well.

## 6. Committee Reports

### A. Fiscal Affairs

1. CPM Update re: Reserve Funds

**MOTION: Myers / Seconded. GVR Board of Directors accepts the February 19, 2019 Fiscal Affairs Committee recommendation to change Section V, Subsection 2.F.2 and Section V, Subsection 2.F.3. of the Corporate Policy Manual as follows.**

**Existing language to be deleted is struck-through. New language and its location are in red.**

#### **Changes to CPM Section V, Subsection 2.F.2. – Target Balance**

**Eliminate the “target balance” as it is arbitrary, and the appropriate reserve fund balance should be determined by the Board of Directors from time to time with the Fiscal Affairs Committee and Investment Committee inputs.**

#### **F. Initiatives Reserve Fund (previously Initiatives & Innovations Reserve Fund) 2. Target Balance:**

**This fund reserve shall be of sufficient size as determined by the Board of Directors to make opportunistic investments in real property, facilities and infrastructure. ~~but not less than \$500,000.~~**

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#### **Restatement of CPM Section V, Subsection 2.F.2. with Changes**

#### **F. Initiatives Reserve Fund (previously Initiatives & Innovations Reserve Fund) 2. Target Balance:**

**This fund reserve shall be of sufficient size as determined by the Board of Directors to make opportunistic investments in real property, facilities and infrastructure.**

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**Changes to CPM Section V, Subsection 2.F.3. – Funding Source**

The repayment requirement is unnecessary because: (1) the Initiatives Reserve Fund now has permanent funding source as described below, (2) repayment of Initiatives Reserve funding might create an unnecessarily high reserve balance, and (3) the appropriate reserve fund balance should be determined by the Board of Directors from time to time with Fiscal Affairs Committee and Investment Committee inputs.

**3. Funding Source:**

Within 30 days after the end of each fiscal quarter GVR shall transfer the following to the Initiatives Reserve Fund based on the applicable fee (**the “Initiatives Reserve Funding Formula”**):

- A. Twenty percent (20%) of the New Member Capital Fee (NMCF) assessed on each GVR member property sold rounded up to the next \$5.00 and
- B. Twenty-five percent (25%) of the Initial Fee assessed on each GVR member property sold rounded up to the next \$5.00.

**At its discretion, the Board of Directors may make an additional Initiatives Reserve contribution from the annual net surplus.**

**This CPM change eliminating repayment of Initiative Reserve reimbursements to operating cash is retroactive to January 1, 2018, and it applies to all Initiatives Reserve reimbursements made during the fiscal year 2018.**

~~In determining such amount, the Board of Directors shall first repay any withdrawals from this fund and second an amount, if any, towards its target balance of not less than \$500,000.~~

~~In any case, withdrawals from this fund shall be repaid from operations as determined by the Board of Directors but not to exceed five (5) fiscal years.~~

**Restatement of CPM Section V, Subsection 2.F.3. with Changes**

**3. Funding Source:**

Within 30 days after the end of each fiscal quarter GVR shall transfer the following to the Initiatives Reserve Fund based on the applicable fee (the “Initiatives Reserve Funding Formula”):

- A. Twenty percent (20%) of the New Member Capital Fee (NMCF) assessed on each GVR member property sold rounded up to the next \$5.00 and
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**Restatement of CPM Section V, Subsection 2.F. – Initiatives Reserve Fund**

**F. Initiatives Reserve Fund (previously Initiatives & Innovations Reserve Fund)**

**1. Purpose:**

**The fund shall be used to support new initiatives and innovation opportunities that add value to member services and facilities and/or significantly improve GVR's position in the marketplace.**

**2. Target Balance:**

**This fund reserve shall be of sufficient size as determined by the Board of Directors to make opportunistic investments in real property, facilities and infrastructure.**

**3. Funding Source:**

**Within 30 days after the end of each fiscal quarter GVR shall transfer the following to the Initiatives Reserve Fund based on the applicable fee (the "Initiatives Reserve Funding Formula"):**

- A. Twenty percent (20%) of the New Member Capital Fee (NMCF) assessed on each GVR member property sold rounded up to the next \$5.00 and**
- B. Twenty-five percent (25%) of the Initial Fee assessed on each GVR member property sold rounded up to the next \$5.00.**

**At its discretion, the Board of Directors may make an additional Initiatives Reserve contribution from the annual net surplus.**

**This CPM change eliminating repayment of Initiative Reserve reimbursements to operating cash is retroactive to January 1, 2018, and it applies to all Initiatives Reserve reimbursements made during the fiscal year 2018.**

**4. Authorization:**

**The Board of Directors shall authorize any monies spent from this fund.**

**Motion Passed: unanimous**

**B. Nominations & Elections**

- 1. Exit Interview Questionnaire for Departing Directors

**MOTION: Sieck / Seconded. Accept Nominations and Elections Committee exit questions for departing GVR Directors as presented.**

**Passed: unanimous**

**C. Planning & Evaluation** - Director Coon reported on committee activities.

**D. Board Affairs** – Director Vanderhoof gave an update.

**E. Audit** – Director Sieck reported.

**F. Investments Ad Hoc**

- 1. Financial Advisor Recommendation

**MOTION: Sadowski / Seconded.**

**WHEREAS, the Ad Hoc Investment Committee (IC) conducted a financial advisor search from a list of eleven (11) candidates using a Request For Proposal (RFP) process.**

**WHEREAS, four (4) financial candidates did not reply to the RFP. The remaining seven (7) candidates were evaluated based on their RFPs and two (2) financial advisor candidates were eliminated.**



**WHEREAS, five (5) financial advisor candidates were interviewed through in-person presentations and two (2) finalists were selected based on an objective scoring metric and interviewed in-person again with all members of the Committee and the full Board of Directors were invited to participate and a majority of the Board participated in the final interviews.**

**WHEREAS, February 12, 2019 the IC selected Segall Bryant Hamill (SBH) of Denver, Colorado, as GVR's new financial advisor replacing Skip Breither of Edward Jones, the IC passed the following motion recommending SBH to the Board of Director.**

**The Investment Ad Hoc Committee recommends to the GVR Board of Directors, that Segall Bryant Hamill (SBH) be the financial advisor for managing the GVR Initiatives, Emergency and Maintenance, Repair and Replacement reserve accounts. This recommendation to the Board of Directors is pending and awaits the successful outcome of the scheduled in-person meeting of GVR and SBH representatives, whereby, any reasonable objections discovered during the meeting are to be included in the Chief Financial Officer's written meeting summary.**

**WHEREAS, GVR CEO Kent Blumenthal, CFO Cheryl Moose, and Accounting Supervisor David Webster will conduct an on-site SBH visit February 27, 2019.**

**Now, therefore, let it be resolved, that the GVR Board of Directors accepts the Ad Hoc Investment Committee's recommendation to hire Segall Bryant Hamill (SBH) of Denver, Colorado, as its new financial advisor to manage GVR's Maintenance, Repair, and Replacement Reserve Fund, Initiatives Reserve Fund, and Emergency Reserve Fund as a Discretionary Manager with Charles Schwab acting as the account Custodians.**

**FURTHER resolved, that GVR CEO Kent Blumenthal is authorized to sign all necessary account opening documents.**

**FURTHER resolved, that GVR CEO Kent Blumenthal and CFO Cheryl Moose are authorized signers.**

**Call the question: Vanderhoof / No Second.  
Passed: 11 yes / 1 no (Stewart)**

**Motion Passed: 10 yes / 2 no (Campfield, Stewart)**

**G. GVR-GVR Foundation Ad Hoc** – Director Stewart reported on GVR Foundation (GVRF) grant application process. GVR's grant application for the Pickleball Complex was presented to the Board about five days prior to the February 26, 2019 board meeting. The Request for Funding grant application to be submitted to GVRF Board for approval. Once approved by GVRF, then the Grant Agreement will come to GVR Board with all the Request for Funding grant application information that will be included as attachments. GVR will then submit Grant Agreement to another attorney for a second opinion before being considered by the GVR Board for the President to sign.

1. Update – Attorney Search for Second Opinion – President Crothers gave the update.

**H. Bylaws Ad Hoc** – Director Chalmers reported.

**7. New Business**

**A. Update on 2019 Member Assistance Program (MAP)** – GVR CEO Blumenthal announced FY2019 MAP awards totaling \$19,967 to 45 applicants with \$20,832 in MAP contributions. Discussion.



The accompanying pages are the Financial Reports for January 31, 2019. 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  
Statement of Activities  
Current Year - January to January 31, 2019**

|                                               | Year-to-Date<br>Actual | Year-to-Date<br>Budget | Year-to-Date<br>Variance | Fiscal Year<br>Budget | Remaining<br>FY Budget |
|-----------------------------------------------|------------------------|------------------------|--------------------------|-----------------------|------------------------|
| <b>Revenue</b>                                |                        |                        |                          |                       |                        |
| Member Dues                                   | 559,562                | 558,446                | 1,116                    | 6,701,349             | 6,141,787              |
| Life Care, Transfer, Tenant & Add'l Card Fees | 178,871                | 62,720                 | 116,151                  | 752,640               | 573,769                |
| Capital Revenue                               | 166,766                | 224,429                | (57,663)                 | 2,693,151             | 2,526,385              |
| Programs                                      | 38,373                 | 35,583                 | 2,790                    | 427,000               | 388,627                |
| Instructional                                 | 84,947                 | 35,954                 | 48,993                   | 431,450               | 346,503                |
| <b>Recreation Income</b>                      | <b>123,320</b>         | <b>71,538</b>          | <b>51,783</b>            | <b>858,450</b>        | <b>735,130</b>         |
| Advertising Income                            | 11,920                 | 6,250                  | 5,670                    | 75,000                | 63,080                 |
| Communication                                 | 3,360                  | 4,750                  | (1,390)                  | 57,000                | 53,640                 |
| <b>Communication Income</b>                   | <b>15,280</b>          | <b>11,000</b>          | <b>4,280</b>             | <b>132,000</b>        | <b>116,720</b>         |
| Investment Income                             | 7,299                  | 24,583                 | (17,284)                 | 295,000               | 287,701                |
| Other Income                                  | 14,420                 | 1,708                  | 12,712                   | 20,500                | 6,080                  |
| Facility Rent                                 | 2,015                  | 1,917                  | 98                       | 23,000                | 20,985                 |
| Marketing Events                              | -                      | 250                    | (250)                    | 3,000                 | 3,000                  |
| <b>Other Income</b>                           | <b>16,435</b>          | <b>3,875</b>           | <b>12,560</b>            | <b>46,500</b>         | <b>30,065</b>          |
| <b>Total Revenue</b>                          | <b>1,067,533</b>       | <b>956,591</b>         | <b>110,942</b>           | <b>11,479,090</b>     | <b>10,411,557</b>      |
| <b>Expenses</b>                               |                        |                        |                          |                       |                        |
| Major Projects-Repair & Maintenance           | 48,682                 | 19,769                 | (28,913)                 | 237,229               | 188,547                |
| Facility Maintenance                          | 2,118                  | 40,289                 | 38,171                   | 483,468               | 481,350                |
| Fees & Assessments                            | 843                    | 2,883                  | 2,040                    | 34,600                | 33,757                 |
| Utilities                                     | 94,691                 | 62,647                 | (32,044)                 | 751,765               | 657,074                |
| Depreciation                                  | 131,429                | 109,092                | (22,337)                 | 1,309,109             | 1,177,680              |
| Furniture & Equipment                         | 21,491                 | 19,248                 | (2,243)                  | 230,975               | 209,484                |
| Vehicles                                      | 5,748                  | 6,717                  | 969                      | 80,604                | 74,856                 |
| <b>Facilities &amp; Equipment</b>             | <b>305,002</b>         | <b>260,646</b>         | <b>(44,356)</b>          | <b>3,127,750</b>      | <b>2,822,748</b>       |
| Wages, Benefits, Payroll Expenses             | 295,793                | 417,003                | 121,209                  | 5,004,031             | 4,708,238              |
| Conferences & Training                        | 1,400                  | 4,833                  | 3,433                    | 58,000                | 56,600                 |
| <b>Personnel</b>                              | <b>297,193</b>         | <b>421,836</b>         | <b>124,643</b>           | <b>5,062,031</b>      | <b>4,764,838</b>       |
| Food & Catering                               | 3,349                  | 4,300                  | 951                      | 51,600                | 48,251                 |
| Recreation Contracts                          | 105,873                | 58,394                 | (47,479)                 | 700,731               | 594,857                |
| Bank & Credit Card Fees                       | 15,957                 | 8,333                  | (7,624)                  | 100,000               | 84,043                 |
| <b>Program</b>                                | <b>125,179</b>         | <b>71,028</b>          | <b>(54,152)</b>          | <b>852,331</b>        | <b>727,152</b>         |
| Communications                                | 10,609                 | 8,540                  | (2,069)                  | 102,480               | 91,871                 |
| Printing                                      | 4,148                  | 6,821                  | 2,674                    | 81,853                | 77,705                 |
| Advertising                                   | -                      | 1,250                  | 1,250                    | 15,000                | 15,000                 |
| <b>Communications</b>                         | <b>14,756</b>          | <b>16,611</b>          | <b>1,855</b>             | <b>199,333</b>        | <b>184,577</b>         |
| Supplies                                      | 28,248                 | 37,160                 | 8,913                    | 445,923               | 417,675                |
| Postage                                       | 491                    | 3,103                  | 2,612                    | 37,240                | 36,749                 |
| Dues & Subscriptions                          | 1,577                  | 546                    | (1,031)                  | 6,550                 | 4,973                  |
| Travel & Entertainment                        | -                      | 1,950                  | 1,950                    | 23,400                | 23,400                 |
| Other Operating Expense                       | (882)                  | 5,180                  | 6,062                    | 62,154                | 63,036                 |
| <b>Operations</b>                             | <b>29,434</b>          | <b>47,939</b>          | <b>18,505</b>            | <b>575,267</b>        | <b>545,833</b>         |
| Information Technology                        | 9,069                  | 11,463                 | 2,393                    | 141,150               | 132,081                |
| Professional Fees                             | 21,281                 | 25,492                 | 4,211                    | 305,900               | 284,619                |
| Commercial Insurance                          | 25,728                 | 17,917                 | (7,812)                  | 215,000               | 189,272                |
| Taxes                                         | -                      | 1,225                  | 1,225                    | 14,700                | 14,700                 |
| Provision for Bad Debt                        | 2,000                  | 2,000                  | -                        | 24,000                | 22,000                 |
| <b>Corporate Expenses</b>                     | <b>58,079</b>          | <b>58,096</b>          | <b>17</b>                | <b>700,750</b>        | <b>642,671</b>         |
|                                               | <b>829,644</b>         | <b>876,155</b>         | <b>46,512</b>            | <b>10,517,462</b>     | <b>9,687,818</b>       |
| Net surplus (Deficit)                         | 237,889                | 80,436                 | 157,454                  | 961,628               | 723,739                |
| Unrealized Gain/Loss on Investment            | 109,016                | (1,500)                | 110,516                  | (18,000)              | 127,016                |
| Net change in Net Assets-GVR                  | 346,905                | 78,936                 | 267,970                  | 943,628               | 596,723                |

Green Valley Recreation, Inc.  
 Summary Statement of Activities  
 1 month period ending January 31, 2019

|                                                   | Actual            | Annual Budget     | %           |
|---------------------------------------------------|-------------------|-------------------|-------------|
| <b>REVENUES:</b>                                  |                   |                   |             |
| Member Dues                                       | \$ 559,562        | 6,701,349         | 8.3%        |
| Life Care, Transfer, Tenant & Add'l Card Fees     | 178,871           | 752,640           | 23.8%       |
| New Member Capital/Initial Fees                   | 166,766           | 2,693,151         | 6.2%        |
| Recreation Income                                 | 123,320           | 858,450           | 14.4%       |
| Communication Income                              | 15,280            | 132,000           | 11.6%       |
| Investment Income/Realized Gains                  | 7,299             | 295,000           | 2.5%        |
| Other Income                                      | 16,435            | 46,500            | 35.3%       |
| <b>Total Revenues</b>                             | <b>1,067,533</b>  | <b>11,479,090</b> | <b>9.3%</b> |
| <b>EXPENSES:</b>                                  |                   |                   |             |
| Facilities & Equipment                            | 305,002           | 3,127,750         | 9.8%        |
| Personnel                                         | 297,193           | 5,062,031         | 5.9%        |
| Program                                           | 125,179           | 852,331           | 14.7%       |
| Communications                                    | 14,756            | 199,333           | 7.4%        |
| Operations                                        | 29,434            | 575,267           | 5.1%        |
| Corporate Expenses                                | 58,079            | 700,750           | 8.3%        |
| <b>Total Expenses</b>                             | <b>829,644</b>    | <b>10,517,462</b> | <b>7.9%</b> |
| <b>Net Change in Net Assets from Operations</b>   | <b>237,889</b>    | <b>961,628</b>    |             |
| Net Unrealized Market Value Change                | 109,016           | (18,000)          |             |
| <b>Net Excess (Deficiency) GVR (All Reserves)</b> | <b>\$ 346,905</b> | <b>943,628</b>    |             |
| MRR Funding                                       | (80,527)          |                   |             |
| Restricted Investment Earnings                    | (108,649)         |                   |             |
| <b>Net Surplus (Deficit)</b>                      | <b>157,729</b>    |                   |             |

## **MEMBERSHIP ID CARDS**

(We use the term Identity card as that is the expression used in the bylaws)

The GVR “Single” Household card issue has been a concern of many of us on the board. After much deliberation, BAC has agreed that the fairest and most logical solution would be to issue two cards to each GVR sole-owner-identified property.

In fairness to owner-occupied households, we are proposing that a second permanent identification card, at zero cost, be issued to each primary GVR member property. The second identification card would be for the use of either a second permanent resident, or for a guest of the owner.

A brief description of the two identification cards:

### **1 Identity card for a permanent resident**

A GVR Identification Card would be issued to a second permanent resident in the household who was not a deeded member. The GVR Identification Card would go to a spouse not on the deed, a significant other, caregiver child, other relative, roommate – any person permanently residing with the GVR member and identified as such by the owner. The identity card would display the photo and name of the permanent resident and would allow use of the facilities and club membership. (subject to club rules.) The holders would have no voting rights, the right to become a Director or serve on a committee. Proof of marriage and/or residency would be required.

### **2 Identity card for a single household guest use.**

If there was no permanent resident in the household, a second permanent GVR Identification Card would be issued to the resident member, and would display the member’s name and photograph. It would be for the use one guest of the member. It would not be a standard guest card which allows multiple guests to access and use of the facilities simultaneously. It would be for the use of one visiting guest at a time. To allow more than one guest to use our facilities, a standard Guest Card would be required.

If the board approves the motion, BAC asks the administration to calculate the financial impact of the changes and prepare a budget that would accommodate the changes to become effective January 1, 2020."

Motion: “I move that the board approve changes to the CPM as written above.”

## **CORPORATE POLICY MANUAL**

### **Section II - Membership**

#### **SUBSECTION 2. GENERAL**

GVR property and member definitions, use of facilities, suspension of privileges and voting rights are as set forth in the bylaws of the Corporation or the Corporate Policy Manual.

#### **~~A. GVR Membership Cards (updated 4/19/2016)~~**

- ~~1. GVR membership cards shall be issued to each owner of a GVR membership property.~~
- ~~2. A spouse of a GVR member shall be issued a GVR membership card regardless of whether the spouse is on title to the property unless the spouse has disclaimed interest in the property. Moved #2 below~~
- ~~3. If a GVR property is held in a trust, each trustee shall be issued a GVR membership card unless the trust specifies otherwise Moved #3 below~~
- ~~4. If a GVR property is owned by a corporation, LLC, or similar entity, a GVR membership card shall be issued to up to two (2) managing member(s) of the entity.~~
- ~~5. A GVR membership card shall be issued to a person who shares a common household with a GVR member upon proof of residency and payment of an Additional Card Holder fee as established by the Board.~~
- ~~6. Any single owner GVR membership property that was issued an Annual Guest Card or Additional Card Holder card prior to the effective date of this policy may renew such cards without payment of a fee.~~

#### **A. GVR Identification Cards**

It is the policy of GVR that each authorized user of GVR facilities be issued a GVR identification card as set forth herein.

- 1. A GVR identification card shall be issued to each GVR member, each Assigned Member, each CRCF user and each Life Care user.**



2. A spouse of a GVR member shall be issued a GVR ~~membership~~ **identification** card regardless of whether the spouse is on title to the property unless the spouse has disclaimed interest in the property.
3. If a GVR property is held in a trust, each trustee shall be issued a GVR ~~membership~~ **identification** card unless the trust specifies otherwise.
4. If a GVR property is owned by a corporation, LLC, or similar entity, a GVR **identification** card shall be issued to up to two (2) managing partners.
5. Additional Card Holder:
  - (a) GVR identification shall be issued at no fee for one (1) Additional Card Holder where the individual is residing with a sole owner GVR member or sole Assigned Member and proof of residency has been provided to GVR.
  - (b) For a fee established by the Board of Directors, GVR identification shall be issued to other Additional Card Holders where proof of residency has been provided to GVR.



## GUEST POLICY

The GVR “Single” Household card issue has been a concern of many of us on the board. BAC has determined that the fairest and most logical solution would be to issue two cards to each GVR sole-owner-identified property. The second identification card would be for the use of either a second permanent resident, or for a guest of the owner.

A brief description of the proposed single person identification card:

### **Identity card for a single household guest use.**

If there is a one GVR member household, a permanent GVR Identification Card could be issued to the resident member, displaying the member’s name and photograph. It would be for the use of one guest of the member. It would not be a standard guest card which allows multiple guests, but would be limited to the use of our facilities to one person at a time. To allow more than one guest to use our facilities, a standard Guest Card would be required.

Motion: I move that the board approve the changes to the CPM as written above.

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

1. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant, or ~~Life Care User of GVR~~ **CRCF Resident** 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 and CRCF residents** may purchase an Annual Guest Card for a fee determined by the Board of Directors. GVR Members, **Assigned Members and CRCF residents** 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 passes allow for unlimited number of guests on specific days only.
- ~~4. GVR Members who own more than one GVR property may purchase an Annual Guest Card only for the property in which they reside.~~
4. 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.

5. 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.

6. 7. Annual Guest Cards are valid through the end of the calendar year (December 31). Annual Guest Card fees are not prorated.

7. 8. Adult guests 18 years of age and older are required to have a valid guest card when visiting GVR facilities. Multiple guests visiting the same facility may use the same Annual Guest Card.

8. 9. Guests under the age of 18 do not require guest cards and must be accompanied by a GVR-issued card-carrying adult.

9. 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. Tenants with guests may purchase a day pass for each guest over the age of 18.~~

10. 12 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.

11.13 At management's discretion, guest usage of GVR facilities may be limited to non-primetime hours. Signage will be added to all facility gates reminding individuals that each person must swipe (or 'tap' for proximity cards) a GVR-issued ID Card. In addition, members and guests who abuse GVR ID card privileges may be subject to sanctions and penalties up to and including fines and/or loss of privileges, as determined by the Board of Directors. Rules governing board-authorized sanctions and penalties will be publicized to the general membership.

~~14. 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.~~

12. A Single User Only annual guest card provides access to GVR facilities for only one individual guest at a time and shall be issued in the name of the sole-owner GVR member requesting the card.

13. A Single User Only Annual guest card shall be issued to sole-owner GVR members for no fee where there is no other person residing with the GVR member.

The Fiscal Affairs Committee (FAC) recommends the following changes to GVR's Bylaws – Article III, Section 4

Current Bylaws, Page 3, Article III – Dues and Assessments,  
Section 4 – Announcement by the Board of Directors:

On or before December 10<sup>th</sup> of each year, the Board of Directors shall announce the schedule of membership dues and the Operating and Capital Budgets for the next calendar year.

Changes to Bylaws Article III, Section 4

Existing words to be deleted are struck-through and new words to replace them are in red.

On or before ~~December 10<sup>th</sup>~~ **September 30<sup>th</sup>** of each year, the Board of Directors shall announce the schedule of membership dues and the Operating and Capital Budgets for the next calendar year.

Revised Bylaws Article III, Section 4

On or before September 30<sup>th</sup> of each year, the Board of Directors shall announce the schedule of membership dues and the Operating and Capital Budgets for the next calendar year.



**PLANNING & EVALUATION  
Proposal  
Capital Project Update for 2020**

**OVERVIEW:**

The Planning and Evaluation Committee updates Capital Project Plan each year by March 25<sup>th</sup>. This allows the information to be available for the budget process which starts on June 1<sup>st</sup>. Projects in the plan often span multiple years and may be added or removed from the plan as priorities change. Upon approval these projects will be incorporated into the current Three Year Capital Plan.

**MOTION:**

Approve the 2020 Capital Project Plan as an update to the current GVR Capital Projects 3-5 Year Plan as presented as a conceptual framework with each project subject to GVR Board of Directors approval, Fiscal Affairs Committee determination of funding and presentation of cost-benefit analysis for each project prior to approval. Engineering and design should proceed to enable accurate analysis prior to approval of each project.

**ATTACHMENTS:**

- PICKLEBALL COMPLEX
- SOCIAL GATHERING PLACES
- FACILITIES EXPANSION FOR CLUB AND MEMBERSHIP NEEDS
- ADDRESS GVR FITNESS RESOURCES
- ADDRESS FUTURE POOL REQUIREMENTS

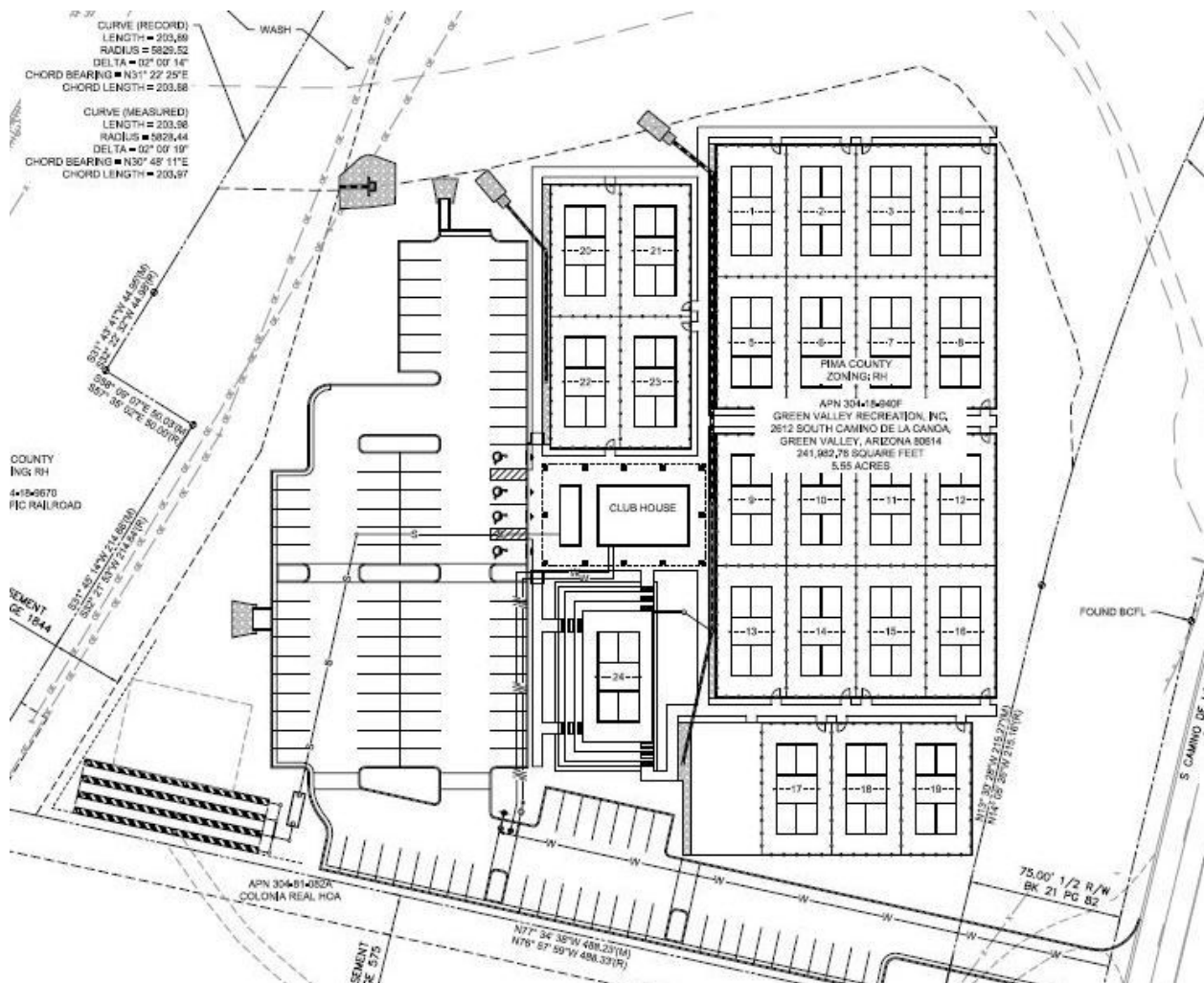
# PLANNING & EVALUATION Proposal Capital Project Update for 2020

## PICKLEBALL COMPLEX

The GVR Board of Directors has approved the design and Engineering plans for the 24-court pickleball center to be built at 2612 Camino de la Canoa. Funding of up to \$1,250,000 has also been approved by the Board of Directors. This funding will cover the complete site development, permanent restrooms, storage, parking and 12 pickleball courts. Current plans project a construction start date of summer 2019 with completion before yearend 2019.

During 2020, based on the success of fundraising by the GVR Pickleball Club and the GVR Foundation, and usage of the courts, additional courts may be added to the Center. Buildout plans for a ramada or enclosed building will also be approved by that time. Funding sources for the ramada/building may be a mix of grants, fundraising and GVR funds.

Complete buildout of the Center is projected for Fall of 2021.





**PLANNING & EVALUATION**  
**Proposal**  
**Capital Project Update for 2020**

**SOCIAL GATHERING PLACES**

1. Support for project: high priority based on member survey & WSM analysis
2. Proposed project is two-fold:
  - a) “Outdoor coffee shop”
  - b) Lobby renovation
3. Outdoor coffee shop
  - Propose a “trial” at WC, then expand
  - Proposed location: WC east courtyard
  - Add: solar shades, tables/chairs, space heaters
  - “Phased” coffee shop –food truck contract; purchase of GVR beverage cart; permanent kitchen – as it becomes more successful
4. GVR Center Lobbies
  - Evaluate the WC, LC and CH lobby – do they look like a warm, inviting living room that encourages social interaction, or do they resemble a dentist office lobby?
  - What would an interior designer recommend to “renovate” these lobbies?

**PLANNING & EVALUATION**  
**Proposal**  
**Capital Project Update for 2020**

**FACILITIES EXPANSION FOR CLUB AND MEMBERSHIP NEEDS**

Purpose: To address existing identified space needs by both GVR members and clubs, and to anticipate future GVR needs for additional space.

Existing space needs that have been identified include:

- Clubs: lapidary, glass arts, arts & crafts, ceramics, clay studio, and the artisan shop
- Fitness
- Additional meeting rooms
- Table tennis
- Clay studio

All options for additional space are being considered:

- Expansion of current GVR facilities
- Repurposing of DH shuffleboard courts
- Repurposing of East Center tennis courts
- SRS adding second story
- Off site lease or purchase (vacant land or building(s))
- Building new on/off GVR campus or at Las Campanas, Desert Hills, Canoa Ranch, East Center

Lapidary Consolidation:

The only specific proposal developed so far includes the consolidation of 3 existing lapidary locations (EC, WC and DH) into one consolidated location (yet to be identified). This move will allow 4 existing clubs to have additional space.

# of Club Members who will move into expanded space (based on 2017 member/usage counts):

|                         | Members | Usage  |
|-------------------------|---------|--------|
| Lapidary/Silversmithing | 285     | 11,549 |
| Artisan shop            | 63      | 5,090  |
| Glass Arts              | 41      | 850    |
| Ceramics                | 112     | 6,170  |
| Arts & Crafts           | 105     | 2,395  |

**PLANNING & EVALUATION**  
**Proposal**  
**Capital Project Update for 2020**

**ADDRESS GVR FITNESS RESOURCES**

**ADDRESS FUTURE POOL REQUIREMENTS**

The 13 pools and 6 fitness centers are the highest used facilities in GVR. The East Center pool is over 50 years old and may be a candidate for replacement in the future. Both of these activities are popular with all age groups within GVR and both serve multiple needs in the health and wellness spectrum.

Fitness

Purpose: To evaluate members' use of GVR fitness centers and pro-actively address the requirements to expand these resources based on member use.

Pools

Purpose: To evaluate present and future GVR pool requirements and pro-actively address members' needs.

Evaluation Resources:

The P&E Committee will use following information to objectively determine needs: 3 years of usage data, the 2018 GVR member survey, WSM 10 Year Facilities' plan, and data from member forums.



## GVR Capital Project Plan for 2020

| Project Description                                          | Original Project Estimate | 2018 Expenses Incurred | Estimated 2019 expenses (Initiatives) | Estimated 2020 expenses (Initiatives) | Estimated 2021 expenses (Initiatives) | Estimated 2022 expenses (Initiatives) | Total Project Costs Actual | COMMENTS                                                               | P&E Rank | Survey Appr Rating |
|--------------------------------------------------------------|---------------------------|------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------|------------------------------------------------------------------------|----------|--------------------|
| <b>Pickleball Complex</b>                                    | <b>\$1,765,143.00</b>     |                        |                                       |                                       |                                       |                                       |                            | Expenses to be supplemented by fundraising (2019/2020 -\$500,000)      | 1907     | 62%                |
| 1 - Purchase Property                                        |                           | \$125,000.00           |                                       |                                       |                                       |                                       |                            | property and due diligence, survey, public hearing prep, closing costs |          |                    |
| 2 - Engineering and Design                                   |                           | \$133,000.00           |                                       |                                       |                                       |                                       |                            | includes costing of project, RFP preparation, permitting, etc          |          |                    |
| 3 - Construction Phase 1                                     |                           |                        | \$1,250,000.00                        |                                       |                                       |                                       |                            | Site work, utilities, parking, drainage, restrooms, storage, 12 courts |          |                    |
| 4 - Construction Phase 2                                     |                           |                        |                                       | \$385,000.00                          |                                       |                                       |                            | 4 additional courts and building                                       |          |                    |
| 5 - Construction Phase 3                                     |                           |                        |                                       |                                       | \$ 250,000.00                         |                                       |                            | 8 courts                                                               |          |                    |
| <b>Social Gathering Places</b>                               |                           |                        |                                       |                                       |                                       |                                       |                            |                                                                        | 1912     | 76%                |
| 1 - West Center Shade                                        |                           |                        |                                       |                                       |                                       |                                       |                            |                                                                        |          |                    |
| - Engineering and Design                                     |                           |                        |                                       | \$5,000.00                            |                                       |                                       |                            | Configurations, costs                                                  |          |                    |
| - Construction                                               |                           |                        |                                       | \$90,000.00                           |                                       |                                       |                            |                                                                        |          |                    |
| 2 - Identify Interior gathering spots                        |                           |                        |                                       | \$6,000.00                            |                                       |                                       |                            |                                                                        |          |                    |
| - Construction                                               |                           |                        |                                       | \$180,000.00                          |                                       |                                       |                            |                                                                        |          |                    |
| <b>Facilities Expansion for Clubs &amp; Membership Needs</b> |                           |                        |                                       |                                       |                                       |                                       |                            |                                                                        | 1754     | 72%                |
| Expansion design costs                                       |                           |                        |                                       |                                       |                                       |                                       |                            |                                                                        |          |                    |

## GVR Capital Project Plan for 2020

| Project Description        | Original Project Estimate | 2018 Expenses Incurred | Estimated 2019 expenses (Initiatives) | Estimated 2020 expenses (Initiatives) | Estimated 2021 expenses (Initiatives) | Estimated 2022 expenses (Initiatives) | Total Project Costs Actual | COMMENTS                                                      | P&E Rank | Survey Appr Rating |
|----------------------------|---------------------------|------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------|---------------------------------------------------------------|----------|--------------------|
| 1 - New meeting rooms      |                           |                        |                                       | \$6,000.00                            | \$ 360,000.00                         |                                       |                            | Identify needs                                                |          |                    |
| 2 - lapidary consolidation |                           | \$6,000.00             |                                       |                                       |                                       |                                       |                            | Decide on location                                            |          |                    |
| 3 - SRS second story       |                           |                        |                                       |                                       |                                       | \$8,500.00                            |                            | Identify uses, benefits,cost                                  |          |                    |
| 4 - EC tennis courts area  |                           |                        |                                       | \$6,000.00                            |                                       |                                       |                            | Identify possible uses, trade-offs                            |          |                    |
| 5 - DH Shuffleboard area   |                           | \$5,000.00             |                                       |                                       |                                       |                                       |                            | Identify best use                                             |          |                    |
| 6 - Table tennis space     |                           | \$3,800.00             |                                       |                                       |                                       |                                       |                            | Decide on location                                            |          |                    |
| 7 - Clay Studio Expansion  |                           |                        |                                       | \$6,000.00                            |                                       |                                       |                            | Define needs, best otions                                     |          |                    |
| <b>Fitness Expansion</b>   |                           |                        |                                       | \$7,000.00                            | \$ 1,700,000.00                       |                                       |                            | User forums, needs, space requirements                        |          |                    |
| <b>Future pool needs</b>   |                           |                        |                                       |                                       |                                       | \$7,500.00                            |                            | EC pool condition, increase 'walking pools', water volleyball |          |                    |
|                            |                           |                        |                                       |                                       |                                       |                                       |                            |                                                               |          |                    |
| <b>TOTALS</b>              |                           | <b>\$272,800.00</b>    | <b>\$1,250,000.00</b>                 | <b>\$731,700.00</b>                   | <b>\$2,060,000.00</b>                 | <b>\$16,000.00</b>                    |                            |                                                               |          |                    |

Whereas the Investment Ad Hoc Committee previously recommended to the GVR Board of Directors, that Segall Bryant Hamill (SBH) be the financial advisor for managing the GVR Initiatives, Emergency and Maintenance, Repair and Replace reserve accounts. Whereas recommendation as GVR staff scheduled and completed in-person meeting of with SBH representatives on February 27, 2019. Whereas, the GVR Staff Team was impressed by SBH and believe that SBH has competent and professional staff and other resources necessary to manage GVR assets with Charles Schwab as the custodian. Whereas, the Investment Committee and GVR Board has reviewed and recommended small changes and an addendum to the GVR/SBH agreement.

Now, therefore, let it be resolved, that the Board President is authorized to sign the agreement between GVR and SBH, and is further authorized to initiate and sign account opening documents with Charles Schwab, with GVR CEO Kent Blumenthal and Cheryl Moose as authorized signers on the custodial account.







A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, January 29, 2019 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), Kris Zubicki (Interim Recreation Director), Karen Miars (Administrative Assistant), Payton Snider (System Administrator), Jason King (IT Technician)

**Visitors:** 250 (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: Vanderhoof / Seconded. Adopt Agenda as presented.**  
**Passed: unanimous**

**3. Consent Calendar**

**MOTION: Lambert / Seconded. Approve Consent Calendar as presented:**

- **December 4, 2018 Meeting Minutes**
- **January 7, 2019 Meeting Minutes**
- **November 2018 Financial Statements**
- **Set Record Date of February 1, 2019 for 2019 Annual Election**

**Passed: unanimous**

**4. President Report**

Good Afternoon, we have a very important item to discuss today. We will be setting a funding limit to allow the development of our new pickleball complex.

The board has received hundreds of notes on the topic. I've read every one. They fall into three categories: 1) those worried that the cost would raise our dues or jeopardize keeping our facilities in top notch shape, 2), those who feel a 24 court complex is essential; and 3) those who want more pickleball courts for our members.

To address the concerns of the first group, we have over \$6M in our Maintenance, Repair and Replace reserve fund. In our 2019 budget process the Board put special emphasis on maintaining our facilities and added funds to ensure it. Kent, would you assure our members that we have the money to keep our facilities in excellent shape?

We expect that our audit and a detailed review of the ins and outs will confirm that we will have over \$2M and possibly by year end 2019 as much as \$2.5M in our New Initiatives reserves, which is how we will fund the new complex.

The second, considerably smaller group, are those who are demanding that we go directly to a 24 court complex. This will not happen as we have consistently looked at a phased approach to building new courts. The cost as presented by WSM is far above the level the board is authorized to go into contract without the permission of the membership. The pickleball club and many directors do not want to take this question to a vote of our membership.

The third and largest category are those who want more pickleball courts for member use. I believe every director wants more pickleball courts and wants them as soon as possible. The question is how much to spend. We have many other wants and needs, be it expanded fitness centers, an industrial arts center, table tennis, lapidary, clay studio, other clubs and more general class room and meeting space.

This is not an easy decision and we never seem to have all the data we need. I do want to thank all the members who have taken the time to write. And I assure you that as we move forward we will continue to look for the best ways to receive input from you, our members.

For example, we will be sending out with the ballots a very short annual survey to keep a pulse on how we are doing. Charlie will talk more about this later in the meeting.

As another small step in communications, I've asked Kent to tell us what we are hearing from our new suggestion boxes and if there are any important reoccurring themes that are coming through our hotline. Kent, I'll turn it over to you.

## **5. CEO Report**

Good afternoon fellow GVR members, Board, and staff.

I am pleased to see so many members here today. You care about the future of GVR, as do I, regardless of how you envision that future. Five years of Board deliberations, research, and Member Forums regarding the sport of Pickleball and its place within Green Valley Recreation, Inc. are most assuredly behind us. What lies in front of us will define to what extent our collective work during those five years was meaningful. And, I want to publicly thank Tennis Club President Doug McCoy and club officers for assisting with East Center Pickleball Courts! As courts are realigned, one court added and lighting of courts is completed.

Pres. Crothers asked me to report on our relatively new Suggestion Boxes that you will find in the lobbies of staffed GVR Centers. The Suggestion Boxes were an outcome of two "Conversations with Kent" held in spring, 2018, facilitated by GVR member Helen Russo. Thus far, staff has received and responded to 41 member "suggestions." As we receive and process member suggestions, the suggestions with staff responses are posted on the GVR website under the Homepage heading, "Membership Resources." You will note that many suggestions deal with how to improve our facilities or some incidental maintenance issue. The GVR Board has often discussed creating an FAQ for member questions asked of the Board. When that happens, I would like to meld the Board FAQ with the Suggestion Box items on the website, likely grouped by categories of interest.

We recently posted on the GVR website a FAQ entitled, “GVR Deed-Restricted Property & Membership.” The FAQ is a compilation of information gleaned from our Bylaws and past legal opinions regarding GVR membership, and membership’s direct relationship to property ownership. The FAQ was recently presented by staff to the Green Valley/Sahuarita Association of Realtors. You will find the document under “Membership Resources” at the top of the GVR Homepage.

Back to maintenance for a moment. There is no backlog of facilities maintenance at GVR. What we have is a schedule of annual maintenance activities that follow our Reserve Study guidelines and are funded through the Maintenance, Repair & Replacement or MRR reserve account. The MRR reserves anticipate maintenance needs over a 30-year period. That is not to say that we do not have day-to-day maintenance issues that arise, from dripping faucets to broken pipes. Those are addressed as they occur and we are made aware of them by our talented facilities and maintenance staff. And please keep this top of mind: if we have a MRR scheduled repair or replacement, say for a heating and ventilation unit, but find that it is working properly and does not need to be replaced, we will not spend money on it, but will continue to monitor it.

I want to take a moment to highlight a couple of very cool activities that occurred in the past few days.

Last Sunday at Las Campanas Center, GVR hosted its fifth annual “Fit & Fun Day-Open House” to showcase all that GVR offers. The event was absolutely fabulous! More than 60 vendors including representatives of our clubs, classes and performing arts hosted more than 1,000 attendees. Many attendees are new to Green Valley and to GVR. Some of these folks will ultimately make Green Valley and GVR their permanent home. Hats-off to Maureen McCarthy who coordinated the entire event, and to the many volunteers who helped make the event a huge success.

Yesterday, our Communications Specialist and Fitness Coordinator, Miles Waterbury, led the first of two “Conversations with Kent” at Santa Rita Springs Center to discuss updates to GVR Fitness Center Rules/Guidelines and the formation of a Fitness Advisory Committee. Ideas and anecdotes shared by attendees about improving the member experience while taking care of our fitness facilities were extremely helpful, and in many cases enlightening. Kudos to Miles for coordinating these events. We want your input about our fitness centers, so please try to attend the next Fitness Center Forum on February 12 at 9 AM at Desert Hills Auditorium.

Thank you for joining us today and stay well.

## 6. Committee Reports

### A. Planning & Evaluation

1. 3-5 Year Plan Review

**MOTION: Coon / Seconded. GVR Board of Directors authorize Planning & Evaluation (P&E) Committee to update GVR Capital Projects 3-5 Year Plan annually, no later than March 25 of each year for Board approval, allowing the updated 3-5 Year Plan and the Annual Club requests to both be available for the annual capital budgeting process that begins in June of each year.**

**Passed: unanimous**

2. 2019 Club Projects  
**MOTION: Coon / Seconded. GVR Board of Directors authorize execution of approved Planning & Evaluation (P&E) Committee 2019 Club Projects in the amount of \$80,000.  
Passed: unanimous**

## **B. Fiscal Affairs**

1. Funding Recommendation – GVR Pickleball Center  
**MOTION: Myers / Seconded. GVR Board of Directors accept and approve the January 23, 2019 Fiscal Affairs Committee recommendation for Initiatives Reserve Fund to provide up to \$1,250,000 for Phase I of the construction of the Pickleball Center located at 2612 South Camino de la Canoa.  
FURTHER, resolved that such amount is intended to cover construction costs of no less than eight (8) regulation pickleball courts and site development and infrastructure costs such as parking area, a restroom/office/storage building to accommodate up to twenty-four (24) regulation pickleball courts, projected development costs and project contingencies of 10% as shown in the WSM Architects December 13, 2018 Pickleball Center proposal.  
Passed: 10 yes / 2 no (Sadowski / Vanderhoof)**
2. FY2017 Surplus to Initiatives Reserve  
**MOTION: Myers / Seconded. GVR Board of Directors accept and approve the January 23, 2019 Fiscal Affairs Committee recommendation to contribute the 2017 Surplus totaling \$283,285 to the Initiatives Reserve Fund.  
MOTION TO TABLE: Sieck / Seconded. Table transfer to Initiatives Reserve Fund until after results of 2018 Annual Financial Audit are complete.  
Motion Failed: 6 yes (Chalmers, Crothers, Sadowski, Sieck, Thornton, Vanderhoof) / 6 no  
Passed: 7 yes / 5 no (Crothers, Sadowski, Sieck, Thornton, Vanderhoof)**

## **C. Nominations & Elections**

1. Governance Training – Director Nichols introduced the eleven (11) 2019 Board Candidates and gave an update on the election process.  
**MOTION: Chalmers / Seconded. GVR Board of Directors approve follow-up instruction, guidance, and/or assistance from Brown Dog Consulting to provide application of the Carver Policy Governance module training material to GVR’s specific governing situation before April 1, 2019. The type of follow-up, cost, and timeframe will be determined after discussion and agreement by the eight directors and two staff, CEO Kent Blumenthal and Director of Administrative Services Jen Morningstar, who completed the module training. The cost of training is not to exceed \$8,500.**

**MOTION TO AMEND: Campfield / Seconded. Change date from April 1, 2019 to May 1, 2019 to include training of new Board members prior to the workshop.**

**Motion Failed: 3 yes (Campfield, Lambert, Stewart) / 9 no**

**Passed: 9 yes / 2 no (Campfield, Lambert) / 1 abstain (Myers)**

**D. Bylaws Ad Hoc** – Director Chalmers gave an update on the committee’s activities.

**E. Board Affairs**

1. Proposed New Club – GVR Needle-Arts Club

**MOTION: Vanderhoof / Seconded. GVR Board of Directors grant Club status to the proposed GVR Needle-Arts Club.**

**Passed: unanimous**

**F. Audit** – Director Sieck reported on the 2018 Annual Financial Audit.

**G. GVR-GVR Foundation Relationship Ad Hoc** – Director Stewart gave an update on the committee’s progress regarding a Pickleball Campaign.

~~Lynne Chalmers and Denise Nichols left the meeting.

**MOTION: Stewart / Seconded. GVR Board of Directors approve CEO Kent Blumenthal to identify an appropriate independent legal counsel for the purpose of reviewing final legal documents related to GVR-GVR Foundation pickleball fundraising initiative.**

**Passed: unanimous**

**H. Survey Ad Hoc**

1. Annual Pulse Survey included with 2019 Ballot – Director Sieck reported. Discussion.

**I. Investments Ad Hoc** – Director Sadowski gave an update on recruiting a financial advisor for GVR Reserve accounts.

**7. New Business**

**A. GVR Foundation “Appointed Director” Recommendation** – GVR Appointed Director candidate John Damitio provided background information.

**MOTION: Stewart / Seconded. GVR Board of Directors approve John Damitio as a GVR Appointed Director on the GVR Foundation Board of Directors to fill a three-year term expiring January 2022.**

**Passed: unanimous**

**8. GVR Foundation Report** - GVR Foundation President Richard Kidwell reported.

**9. Member Comments:** 1

**10. Adjournment**

**MOTION: Campfield / Seconded. Adjourn meeting at 4:23pm MST.**

**Passed: unanimous**

**\*\*‘Action without Meeting’ Unanimous Consent Resolution.**

At the request of President Carol Crothers on December 19, 2018, the Board of Directors was asked to approve asking WSM Architects to submit the P&E-approved Design and Engineering plans for the GVR Pickleball Center to Pima County Development Services for review.

This motion failed with a no vote from Director Thornton. Directors Chalmers and Vanderhoof abstained.

**\*\*‘Action without Meeting’ Unanimous Consent Resolution.**

At the request of President Carol Crothers on January 15, 2019, The Board of Directors unanimously approved a three-year contract renewal with the Browning Reserve Group for 2019 – 2021 reserve study support at a cost of \$31,000 payable from the FY 2019 budget.

DRAFT

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Denise Nichols  
Secretary

Date

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Karen Miars  
Administrative Assistant

Date



**GVR FOUNDATION UPDATE**  
**GVR BOARD MEETING**  
**March 19, 2019**

A joint effort with GVR, GVR Members, the White Elephant, Amazon Smile, Jim Click, Kroger Rewards and the GVR Foundation provided another successful conclusion to the Member Assistance Program giving almost \$20,000 to GVR Members in need.

The joint effort of the Greater Green Valley Community Foundation and the GVR Foundation with the Southern Arizona CultureFest in Tubac brought in nearly \$4,500 to each Foundation.

The same joint effort has organized a Write-A-Will Workshop to be presented on March 27 from 9am to 12pm at GVR Santa Rita Springs Center in the Anza Room.

The Pickleball Campaign is underway. GVR Foundation provided a table for donations and info at the Southern Arizona Senior Games Pickleball competition where donations/pledges were collected.

The GVR Foundation is in the process of updating its brochures and forms.

The next step for the GVR Foundation is to get a letter of total support from the GVR Board so we may start the balance of our major fundraising campaign for the Pickleball Complex.

Lastly, GVR provides services for GVR Foundation under a Resource Sharing Agreement (RSA). The Foundation also provides services on behalf of GVR through the RSA. The independent auditor's report on the FY2018 combined financial statements for GVR and GVR Foundation found that *"As of December 31, 2018 GVR management had determined that it had incurred \$5,125 more than GVR Foundation in reimbursed expenses which is not recorded in the accompanying financial statements."*

The Foundation Board is convinced that the majority of this auditor-identified expense went to serving GVR interests and those of its members through Foundation efforts related to the MAP program, Pickleball Center fundraising, promotion of discounted SunTran Senior ID cards, and Southern Arizona Senior Games.

The Foundation Board wants to immediately address this with the GVR Board so that it will not impede future cooperation and collaboration between the two organizations. Consequently, I am authorized as Foundation President to convey the following options and ask the GVR Board to choose one that it feels most appropriate to implement:

1. Waive the auditor-identified \$5,125 expense, consistent with RSA terms.
2. Reduce by \$5,125 the GVR Board-approved allowance to the Foundation of \$9,500 for marketing and promotion of the Pickleball Center Capital Campaign.
3. Request the Foundation write a check to GVR for the full auditor-identified \$5,125 expense.

  
Jim Counter, President