



A special meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Thursday, August 8, 2019 at Las Campanas, the President being in the chair and the Secretary being present.

**Directors Present:** Sandra Thornton (Secretary), Donna Coon (Assistant Secretary), Suzan Curtin, Christine Gallegos, Don Weaver, Kent Blumenthal (non-voting)

**Directors Present Electronically:** Charles Sieck (President), Lynne Chalmers (Vice President), Carol Crothers (Treasurer), Tom Sadowski (Assistant Treasurer), Denise Nichols, Gail Vanderhoof, Mike Zelenak

**Staff:** Cheryl Moose (CFO), Jen Morningstar (Director of Administrative Services), David Jund (Facilities Director), Kris Zubicki (Recreation Services Director), David Webster (Accounting Supervisor), Karen Miars (Administrative Assistant), Jason King (IT Technician), Payton Snider (System Administrator), Conal Ward (IT Technician)

**Visitors:** 135 (includes additional staff)

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

President Sieck called the meeting to order at 1:36pm MST.  
Roll call by Secretary Thornton; Quorum established.

**2. Adopt Agenda**

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

**3. New Business**

**A. BAJA Sporting Club Pickleball Proposal**

GVR CEO Kent Blumenthal requested the Historical Timeline of the GVR-BAJA Proposed Lease Agreement dated August 8, 2019 be included in the minutes.

**MOTION: Sieck / Seconded. Vote by secret ballot to accept the GVR-BAJA Lease Agreement.**

**Passed: 7 yes / 5 no (Coon, Gallegos, Nichols, Weaver, Zelenak)**

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

**Passed: 8 yes / 4 no (Coon, Gallegos, Weaver, Zelenak)**

**MOTION: Nichols / Seconded. GVR Board of Directors approve the proposed Lease Agreement between Green Valley Recreation, Inc. (GVR) and the BAJA Sporting Club non-profit organization. Upon approval, this Lease Agreement will be submitted for legal review with final vote approval to be voted on at the August 28 GVR Board of Directors meeting.**

**Failed (Secret Ballot): 5 yes / 7 no**

~~Denise Nichols left the meeting.

B. Proposed Amendment to Solar Services Agreement

**MOTION: Chalmers / Seconded. GVR Board of Directors approve the Amendment to the Solar Services Agreement, specifically the increase of 1/10 of cent per kilowatt hour only, with the condition the net difference does not have a negative impact to GVR.**

**Passed: unanimous**

4. Adjournment

**MOTION: Sadowski / Seconded. Adjourn meeting at 3:46pm MST.**

**Passed: unanimous**



## **Historical Timeline**

### **GVR-BAJA Proposed Lease Agreement**

**8/8/19**

1. In spring 2019, GVR member Mark Haskoe inquired of CEO Blumenthal whether or not the BAJA sporting group could pay GVR to build pickleball courts and allow use of the courts by BAJA members who are not GVR members. CEO Blumenthal suggested that BAJA submit a proposal to the GVR Board for its consideration.
2. On June 26, 2019 the GVR Board approved a contract with Division II contractors to begin Phase I construction of the Pickleball Center, limited to infrastructure and eight courts. **Section 3.3** of the contract allows funds contributed by independent third-parties to be applied to construction of additional courts, up to 24, if donations are received by September 1, 2019.
3. On July 9, 2019 BAJA Pres. Jim Brewer and BAJA member Mark Haskoe (both GVR members) met with CEO Blumenthal to discuss the possibility of BAJA entering into an arrangement with GVR whereby BAJA would pay cash prior to the September 1, 2019 to build four (4) additional pickleball courts (\$85,000) at the Pickleball Center in exchange for access to GVR pickleball courts-only for a limited number of BAJA Members during a negotiated term of Agreement. CEO Blumenthal suggested that a Lease Agreement may be the best approach for that type of business arrangement, and requested that BAJA initially suggest terms of agreement. CEO Blumenthal explained that GVR legal counsel would have to ascertain whether or not GVR could enter into that type of business relationship with a third-party.
4. July 16, 2019 – Groundbreaking Ceremony at GVR Pickleball Center site.
5. July 18, 2019 – BAJA Pres. Jim Brewer presented initial proposed Lease Agreement Terms (DRAFT #1) to CEO Blumenthal.
6. On July 22, 2019, six days after the Pickleball Center groundbreaking ceremony, CEO Blumenthal informed GVR Pres. Sieck and the GVR Board of BAJA’s interest in a lease agreement with GVR, whereby BAJA would pay cash prior to the September 1, 2019 to build four (4) additional pickleball courts (\$85,000) at the Pickleball Center in exchange for the limited access to GVR pickleball courts-only for some BAJA Members. CEO Blumenthal requested that President Sieck ask the attorney retained by GVR for policy-related issues to advise whether or not GVR’s governing documents allow GVR to entertain BAJA’s proposal and proceed to develop Terms of Agreement with BAJA.

7. On July 25, 2019, Pres. Sieck exchanged several email correspondence:
  - a. Pres. Sieck confirmed that he had a phone conference with attorney Jim Jutry about the BAJA Sporting Club proposal, and that “there is no legal restriction in proceeding with an agreement with the BAJA Sporting Club based on what we now know,” with the caveat, “That could change once the details are better known.”
  - b. CEO Blumenthal responded that “Now that it has been clarified that there is no legal impediment to an arrangement whereby BAJA could provide funding for GVR pickleball courts in exchange for certain consideration,” Blumenthal would be the primary contact with the BAJA Sporting Club and proceed with BAJA officials to craft a proposed term sheet. Once accomplished, CEO Blumenthal would submit the proposed terms with a separate memo identifying ‘pros and cons’ to President Sieck and the GVR Board for consideration. Blumenthal stated, “If following that there seems to be a majority of GVR Directors interested in pursuing the GVR-BAJA PB courts-funding arrangement, then [Blumenthal] will submit the term sheet to legal counsel to craft into a formal GVR-BAJA Agreement for vote of the Board on a ‘hurry-up’ schedule” in order to meet the September 1 independent funding deadline to construct additional pickleball courts.
  - c. President Sieck asked to have documented “what GVR is giving up for the additional 4 courts by Friday, August 2<sup>nd</sup>,” which would “give us enough time to create the appropriate legal documents, get them reviewed through GVR's and BAJA's legal counsel, get it approved by the BAJA Board, and approved by our Board at the meeting on the 28th. That leaves 2 working days for the money to be deposited in the escrow account.”
  - d. CEO Blumenthal agreed to “make it a priority to have proposed terms of agreement & "pros/cons" memo to [President Sieck] and the Board by COB, Friday, August 2.”
8. Discussion of Proposed Lease Agreement Terms (DRAFTs #1-#5) between CEO Blumenthal & BAJA Pres. Jim Brewer July 18 – July 31, 2019.
9. On August 1, 2019:
  - a. BAJA President Jim Brewer notified CEO Blumenthal that the BAJA Board of Directors unanimously approved the proposed Lease Agreement terms (DRAFT #5) and asked that the proposal be presented to the GVR Board.

- b. CEO Blumenthal forwarded to GVR Pickleball Club President Jeff Harrell the BAJA Board-approved proposed Lease Agreement terms (DRAFT #5) to determine if the GVR Pickleball Club Board of Directors had any issues with the proposal.
  
10. On August 1, 2019 at 7pm, MST GVR Pickleball Club President Jeff Harrell notified CEO Blumenthal that “The GVRPC Board enthusiastically votes unanimously to support the lease agreement with BAJA.”
  
11. On August 2, 2019 at 11:30am, MST CEO Blumenthal sent to Pres. Sieck and the GVR Board the proposed Lease Agreement Terms with a separate ‘Pros & Cons’ document. In the email communication to the GVR Board, CEO Blumenthal wrote:

*The proposed terms of agreement have not yet been reviewed by legal counsel. I did not want to waste time and money if the GVR Board had no interest in entertaining a lease agreement with BAJA. If the GVR Board supports entering into the Lease Agreement, the proposed terms will be turned over to an attorney to craft into a formal contract post haste.*

*As CEO, I support entering into a lease agreement with BAJA, as does my entire Management Team. The GVR Pickleball Club Board of Directors enthusiastically voted unanimously to endorse a lease agreement with BAJA last evening.*
  
12. On Saturday, August 3, 2019 GVR Pres. Sieck gave written notice to the GVR Board of a Special Board Meeting to be held on Thursday, August 8, 2019 to discuss the proposed GVR-BAJA Lease Agreement terms.