



## AGENDA

BOARD OF DIRECTORS MEETING  
 Wednesday, August 28, 2019 2pm  
 West Center Auditorium

Directors: Charles Sieck (President), Lynne Chalmers (Vice President), Sandra Thornton (Secretary), Carol Crothers (Treasurer), Donna Coon (Assistant Secretary), Tom Sadowski (Assistant Treasurer), Suzan Curtin, Christine Gallegos, Denise Nichols, Gail Vanderhoof, Don Weaver, Mike Zelenak, Kent Blumenthal (non-voting)

	Agenda Topic	Member	Exhibit	Action	Time
1	Call to Order / Quorum	Sieck			2:00
2	Adopt Agenda	Sieck			2:02
3	Consent Calendar	Sieck			2:05
A.	Minutes: Board of Directors June 26th & August 8th Meetings		x	x	
B.	June & July Financial Statement		x	x	
6	President Report	Sieck			2:10
7	CEO Report	Blumenthal			2:12
8	Committee Reports				
A.	Policy Governance Ad Hoc	Chalmers			2:15
B.	Fiscal Affairs	Crothers			2:25
C.	Board Affairs	Curtain			2:35
	CPM Update for MR&R		x	x	
	Multiple Property NMCF		x	x	
	Square Dance Club Request		x	x	
	CPM update for typographical errors		x	x	
D.	Planning & Evaluation	Coon			2:50
E.	Audit	Vanderhoof			2:55
F.	Investments	Sadowski			3:00
	Investment Management Agreement			x	
	Investment Policy		x	x	
G.	Bylaws Ad Hoc	Curtain			3:10
H.	Survey / Facility Access Ad Hoc	Thorton			3:15
9	Board Project Status Reports				
A.	Solar Gains Status	Blumenthal			3:25
B.	Solar Services Agreement Amendment	Sieck			3:30
C.	Estoppel Certificate	Sieck	x	x	3:35
D.	Pickle Complex Status Update	Blumenthal			3:40
10	New Business	Sieck			
	Removal of vision statement from CPM		x	x	3:45
11	GVR Foundation Report	Counter			3:50
A.	Letter of support for MAP grant application		x	x	
12	Member Comments (limit to 2 minutes each)				3:55
13	Adjournment				4:00

*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 Wednesday, June 26, 2019 at West Center, the President being in the chair and the Secretary being present.

**Directors Present:** Charles Sieck (President), Sandra Thornton (Secretary), Carol Crothers (Treasurer), Donna Coon (Assistant Secretary), Suzan Curtin, Christine Gallegos, Gail Vanderhoof, Don Weaver, Kent Blumenthal (non-voting)

**Directors Present Electronically:** Lynne Chalmers (Vice President), Tom Sadowski (Assistant Treasurer), Denise Nichols, 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), Miles Waterbury (Communications Specialist), Karen Miars (Administrative Assistant), Payton Snider (System Administrator), Conal Ward (IT Technician)

**Visitors:** 80 (includes additional staff)

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

President Sieck called the meeting to order at 2:08pm MST.  
Roll call by Secretary Thornton; Quorum established.

**2. Adopt Agenda**

**MOTION: Sieck / Seconded. Amend Agenda to remove Approval of Code of Conduct Revision under New Business.**  
**Passed: unanimous**

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

**3. Consent Calendar**

**A. Minutes: Board of Directors May 22 Meeting**

**MOTION: Weaver / Seconded. Approve May 22, 2019 Meeting Minutes as presented.**  
**Passed: unanimous**

**B. May Financial Statements**

**MOTION: Sieck / Seconded. Approve May 2019 Financial Statements as presented.**  
**Passed: unanimous**

**4. President Report**

Good afternoon. The major subject to be addressed at this meeting is the contract for the construction of a pickleball complex. It marks the accumulation of years of hard work by a lot of people and it is coming down to the wire.

As much as I had hoped it to be a joyous occasion, it also comes with a lot of frustration and disappointment.

The Board did not receive the final information until last Friday evening. It would be an understatement to say I was disappointed. We spend a couple hours on Monday afternoon in an executive session understanding the details of the contract and how we got to where we wound up. The final truth is that everyone was working the numbers up to Friday afternoon which is when it was firmed up. It would have been very beneficial had this happened a couple of weeks earlier. But it is what it is.

Furthermore while all of this is going on, the Board was flooded with emails encouraging the approval of the pickleball complex. Most, if not all, directors read each email. While the members certainly have a right to do this, in this particular instance, it was at minimum an unnecessary distraction and certainly did not help their case.

No one is getting everything they want in this contract. The pickleball players are only getting 8 courts. The costs has increased by 30% since January such that it puts the Board in a tight position to avoid violating the bylaws. However, we have two expert legal opinions that gives us grounds to proceed.

The truth is that we are in a very bad environment to be building anything and it does not look to be getting any better in the future. Any changes or delays at this point will only cost more and we run a real risk of companies who have bid to stop responding.

If we wait for the economy to tank, then construction costs may be less but then home sales will drop off significantly. The appetite to do any construction in that environment will be zero.

Consequently, it is now or never.

On the brighter side, there are a lot other things on which we are making great progress. Based on a legal opinion, we are eliminating the director confidentiality agreement which has discouraged some highly qualified members from running for the Board. The Fiscal Affairs Committee has found they can get the work done for 80% less that what the Board approved at our last meeting. And we will finally vote on accepting a grant from the Foundation to provide over \$50,000 towards the construction of restrooms at the new pickleball complex which some of us have been working on this for over a year.

## **5. CEO Report**

Good afternoon fellow GVR members, Board, and staff. The CEO report covers GVR-related activities since our last board meeting on May 22.

### **1. Pickleball Center – Phase I Construction Contract**

As you might imagine, all of the work that went into developing the contract for Board consideration today for construction of Phase I of the GVR Pickleball Center involved many hands and an extensive amount of effort.

I especially want to thank the following individuals: members of the Pickleball Advisory Group; architect Kristen DiBone of WSM Architects; GVR Facilities Director David Jund and Project Manager Melanie Stephenson; Lovitt-Touche Insurance broker RJ Riley; GVR Accounting Department, CFO Cheryl Moose and Accounting Supervisor David Webster.

## **2. MedAvail/SpotRx Pharmaceutical Dispensary Kiosks Installed at Three Centers**

Installation of the GVR Concierge Kiosks were completed in three of our major Centers: CH, CR and EC. A SpotRx-sponsored Ribbon Cutting and luncheon was held at Canoa Hills and attended by about 200 members on Thursday, June 13. The Q&A led by MedAvail's lead pharmacist was informative and the response of the audience was collectively positive and enthusiastic.

## **3. Installation of Solar Panels throughout the GVR Campus**

I appreciate the patience of GVR members as we install rooftop and carport solar panels this summer at 11 sites throughout the GVR campus. The addition of solar panels at our Facilities Maintenance Building will save GVR an additional estimated \$20,000 per year once activated. In exchange for this additional installation, Solar Gain, the company that is under contract to provide the solar installations, will soon request that the GVR Board agree to amend the contract to allow them to recoup .01 cents additional per kilowatt hour. Receipt of the proposed contract amendment is expected soon. A report from Solar Gain is also expected soon that will detail when the power will be turned on at various solar installations.

## **4. Administrative Support provided to the GVR Foundation**

A few weeks ago I informed GVR Foundation Pres. Jim Counter that Administrative needs within the Executive Office continue to expand significantly. Because of the need for additional support staff within the Executive Office, I was withdrawing administrative support previously provided to the Foundation by Ms. Karen Miars at no cost under the terms of the GVR-GVR Foundation Resource Sharing Agreement, effective July 1, 2019. Jim was very gracious with the news and understands that my first obligation is to my employer, GVR. I thank Karen Miars for the exceptional support she has given to the GVR Foundation.

## **5. Govern for Impact Annual Conference**

I had the good fortune to attend the "Govern for Impact Annual Conference" in Canada last week. Until this year, this conference was known as the International Policy Governance conference. I hope that information, knowledge and experiences that I brought home from the event can assist the Board as it contemplates our governing documents and considers adjusting the way we do business to improve efficiencies and effectiveness.

## **6. 4<sup>th</sup> Annual 'Paws in the Pool' Event at West Center**

Paws in the Pool IV is scheduled for Friday, July 19 beginning at 7am at our West Center pool. The theme of this year's event is "Super Hero." Whether you have a pup or not, you don't want to miss this event! It is both fun and hilarious!

## **7. Independence Day, Thursday, July 4**

All of our Centers are open on July 4, Independence Day with regular operating hours. The Administrative offices and staffed Center customer service desks will be closed.

Thank you.

**6. Committee Reports**

**A. Planning & Evaluation** – Director Coon reported. Architect Kristen DiBone and President Paul Mickelberg of WSM Architects presented.

Pickleball Complex Contract Approval

**MOTION: Sieck / Seconded. Vote by secret ballot to approve Pickleball Complex Contract.**

**Passed: 9 yes / 3 no (Nichols, Weaver, Zelenak)**

**MOTION: Coon / Seconded. GVR Board of Directors accept the contract AIA, document A105-2017 with Division II Construction Company and Renner Corporation for construction of the GVR Pickleball Center at 2612 South Camino de la Canoa, Green Valley, Arizona, contract sum is \$1,196,971.00 with a completion date of January 15, 2020.**

**Passed (Secret Ballot): 11 yes / 1 no**

**B. Fiscal Affairs** – Director Crothers reported.

Approval of Financial Consultant Engagement

**MOTION: Crothers / Seconded. GVR Board of Directors approve the recommended candidate, RCM, direct the FAC to proceed with the engagement, authorize President Sieck and CEO Kent Blumenthal to sign the engagement letter and limit the total engagement to no more than \$10,000.00.**

**Passed: unanimous**

Providing FAC Requested Information

**MOTION: Crothers / Seconded. GVR Board of Directors authorize CEO Blumenthal to provide two pieces of information to be made available to the FAC as quickly as possible, no later than July 15, 2019: (1) the cost impact for two cards per household change that was recommended by the BAC and voted on and approved by the Board, and (2) the impact of online payment of dues by direct bank transfer.**

**Passed: unanimous**

**C. Audit** – Director Vanderhoof reported.

**D. Board Affairs** – Director Curtin reported.

Minor CPM Changes to be Consistent with Bylaws

**MOTION: Curtin / Seconded. GVR Board of Directors approve changes/updates to the Corporate Policy Manual (CPM) as attached.**

**Passed: 10 yes / 2 no (Weaver, Zelenak)**

**E. Investments Committee**

**MOTION: Sadowski / Seconded. Whereas the Investments Committee previously requested (in April to the GVR CEO), that staff provide responses to questions regarding the Operational accounts, and that this information is required to determine whether or not we might improve on our processes in managing our operational cash.**

**Now, therefore, let it be resolved, that the CEO provide this requested information no later than July 5th, 2019, so that the Investment**

**Committee may review this data prior to and during its upcoming Investment Committee meeting.**

**Passed: 9 yes / 3 no (Coon, Weaver, Zelenak)**

**F. Bylaws Ad Hoc** – Director Curtin reported.

**G. Survey / Facility Access Ad Hoc** – Director Thornton reported.

**7. Board Project Status Reports**

**A. Solar Gain Status** – Report given during CEO report.

**8. New Business**

GVR Foundation Pickleball Grant Agreement Approval

**MOTION: Vanderhoof / Seconded. GVR Board of Directors accept the GVR Foundation Grant Agreement dated June 21, 2019.**

**Passed: unanimous**

Approval to Release the 2018 IRS Form 990 on Website

**MOTION: Crothers / Seconded. GVR Board of Directors approve to post the 2018 Form 990 to the GVR website.**

**Passed: unanimous**

Ad Hoc Committee on Tracking Room Utilization

**MOTION: Sieck / Seconded. GVR Board of Directors approve an Ad Hoc Committee to the Board be created to:**

**1. Recommend changes to improve visibility of conference room availability.**

**2. Recommend metrics for monitoring conference room utilization.**

**This committee will report these recommendations at the August 28th meeting of the Board. President Sieck will chair this Ad Hoc Committee.**

**MOTION TO AMEND: Weaver / Seconded. By the August 28 Board meeting, GVR staff to provide analysis of current Board policies with any**

**recommendations or suggestions to the Board on what may be improved.**

**Motion to Amend Passed: unanimous**

**Amended Motion Passed: 11 yes / 1 no (Nichols)**

***Amended Motion: In place of an Ad Hoc Committee, President Sieck to work with CEO Blumenthal and GVR staff to provide analysis of room reservation procedures with recommendations to the Board by the August 28 Board Meeting.***

Elimination of Confidentiality Agreement

**MOTION: Sieck / Seconded. GVR Board of Directors approve the requirement that directors sign a confidentiality agreement be eliminated and existing copies of the confidentiality agreement purged from the GVR records.**

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

**9. GVR Foundation Report** – GVRF Director John Damitio reported on the transition of GVRF accounting records and responsibilities from GVR to GVRF accountant; a \$2,000 grant received from Greater Green Valley Community Foundation to help fund the fall campaign; consideration to apply for a grant to fund a Portable Stage postponed to a





## CPM Changes/Updates – BOD Meeting, June 26, 2019

Addition of CRCF per the Bylaws.

Section II.

B. Guest Policy (updated 8/29/2017) 1. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant, **CRCF** or Life Care User of GVR and who live outside a twenty (20) mile radius of established GVR Boundaries.

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**Switch 4 & 5 in SECTION VI; Subsection 3; B.4 & 5:**

~~4. — c Board will use the following small board protocol during Board meetings:~~

~~5. — oard meetings shall be held at least quarterly, at a place and time determined by the Board.~~

4. Board meetings shall be held at least quarterly, at a place and time determined by the Board.

5. T e Board will use the following small board protocol during Board meetings:

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SECTION VI, Subsection 1, G.2. – combine c & d.

~~c) Initiate the formal performance appraisal process, typically 2-3 months prior to the date of the Annual Meeting of the Board of Directors. This time period allows~~

~~d) Completion of the appraisal process, format review and action by the Board and meeting with the CEO.~~

c) Initiate the formal performance appraisal process, typically 2-3 months prior to the date of the Annual Meeting of the Board of Directors. This time period allows completion of the appraisal process, format review and action by the Board and meeting with the CEO.





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**

DRAFT



## 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.







## GREEN VALLEY RECREATION, INC. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for June 30, 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, Inc.  
**Statement of Financial Position**

As of Date: June 30, 2019 and Dec 31, 2018



	<b>June 30, 2019</b>	<b>Dec 31, 2018</b>
	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash/Cash Equivalents	1,692,950	1,099,888
Accounts Receivable	258,012	97,020
Prepaid Expenses	101,750	207,872
Other Investments Charles Schwab/SBH	10,286,348	-
Investments	3,020,731	10,995,715
<b>Total Current Assets</b>	<b>15,359,791</b>	<b>12,400,495</b>
<b>Fixed Assets</b>		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	19,975,496	19,354,268
Sub-Total	37,569,281	36,948,053
Less - Accumulated Depreciation	(21,124,087)	(20,315,542)
<b>Net Fixed Assets</b>	<b>16,445,193</b>	<b>16,632,511</b>
<b>Total Assets</b>	<b>31,804,985</b>	<b>29,033,006</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	108,063	342,959
Deferred Dues & Fees	3,280,736	1,106,509
Deferred Programs	58,561	260,046
<b>Total Current Liabilities</b>	<b>3,447,361</b>	<b>1,709,514</b>
<b>TOTAL NET ASSETS</b>	<b>28,357,624</b>	<b>27,323,492</b>
<b>NET ASSETS</b>		
Temporarily Restricted:		
Board Designated:		
Emergency	811,727	804,646
Maint - Repair - Replacement	6,583,363	5,881,453
Initiatives	2,327,570	1,996,087
Sub-Total	9,722,660	8,682,185
Unrestricted Net Assets	17,600,833	18,641,307
Net change Year-to-Date	1,034,131	-
Unrestricted Net Assets	18,634,964	18,641,307
<b>TOTAL NET ASSETS</b>	<b>28,357,624</b>	<b>27,323,492</b>

Green Valley Recreation, Inc.  
**Summary Statement of Activities**

**6 month period ending June 30, 2019**



	Actual	Budget to Date	%
<b>REVENUES:</b>			
Member Dues	\$ 3,357,722	3,350,675	0.2%
Life Care, Guest Cards, Transfer, Tenant & Add'l Card Fees	484,481	376,320	28.7%
New Member Capital/Initial Fees	1,322,671	1,346,576	-1.8%
Recreation Income	447,176	429,225	4.2%
Cell Tower Lease / Advertising Income	66,061	66,000	0.1%
Investment Income/Realized Gains	193,950	147,500	31.5%
Other Income	65,640	23,250	182.3%
<b>Total Revenues</b>	<b>5,937,701</b>	<b>5,739,545</b>	<b>3.5%</b>
<b>EXPENSES:</b>			
Facilities & Equipment	2,002,068	1,563,875	-28.0%
Personnel	2,320,849	2,531,016	8.3%
Program	475,800	426,166	-11.6%
Communications	80,769	106,626	24.3%
Operations	158,794	289,434	45.1%
Corporate Expenses	296,198	341,325	13.2%
<b>Total Expenses</b>	<b>5,334,478</b>	<b>5,258,441</b>	<b>-1.4%</b>
<b>Net Change in Net Assets from Operations</b>	<b>603,224</b>	<b>481,104</b>	
From Investment Activity:			
Net Unrealized Market Value Change	430,908	(9,000)	
<b>Net Excess (Deficiency) GVR (All Reserves)</b>	<b>\$ 1,034,131</b>	<b>472,104</b>	



## Statement of Activities

### Current Year - January to June 30, 2019

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
<b>Revenue</b>					
Member Dues	3,357,722	3,350,675	7,047	6,701,349	3,343,627
Life Care, Transfer, Tenant & Add'l Card Fees	484,481	376,320	108,161	752,640	268,159
Capital Revenue	1,322,671	1,346,576	(23,905)	2,693,151	1,370,480
Programs	177,021	213,500	(36,479)	427,000	249,979
Instructional	270,154	215,725	54,429	431,450	161,296
Recreation Income	447,176	429,225	17,951	858,450	411,274
Advertising Income	48,069	37,500	10,569	75,000	26,931
Cell Tower Lease Income	17,992	28,500	(10,508)	57,000	39,008
Communication Income	66,061	66,000	61	132,000	65,939
Investment Income	193,950	147,500	46,450	295,000	101,050
Other Income	15,268	10,250	5,018	20,500	5,232
Facility Rent	50,372	11,500	38,872	23,000	(27,372)
Marketing Events	-	1,500	(1,500)	3,000	3,000
Other Income	65,640	23,250	42,390	46,500	(19,140)
<b>Total Revenue</b>	<b>5,937,701</b>	<b>5,739,545</b>	<b>198,156</b>	<b>11,479,090</b>	<b>5,541,389</b>
<b>Expenses</b>					
Major Projects-Repair & Maintenance	407,275	118,615	(288,660)	240,829	(166,446)
Facility Maintenance	82,380	241,734	159,354	483,468	401,088
Fees & Assessments	9,914	17,300	7,386	34,600	24,686
Utilities	479,705	375,882	(103,823)	751,765	272,060
Depreciation	808,545	654,554	(153,991)	1,309,109	500,564
Furniture & Equipment	177,153	115,488	(61,665)	230,975	53,822
Vehicles	37,096	40,302	3,206	80,604	43,508
Facilities & Equipment	2,002,068	1,563,875	(438,193)	3,131,350	1,129,282
Wages, Benefits, Payroll Expenses	2,291,235	2,502,016	210,780	5,004,031	2,712,796
Conferences & Training	29,613	29,000	(613)	58,000	28,387
Personnel	2,320,849	2,531,016	210,167	5,062,031	2,741,182
Food & Catering	19,829	25,800	5,971	51,600	31,771
Recreation Contracts	385,223	350,366	(34,858)	700,731	315,508
Bank & Credit Card Fees	70,748	50,000	(20,748)	100,000	29,252
Program	475,800	426,166	(49,635)	852,331	376,531
Communications	46,017	51,240	5,223	102,480	56,463
Printing	34,752	47,886	13,134	81,853	47,101
Advertising	-	7,500	7,500	15,000	15,000
Communications	80,769	106,626	25,858	199,333	118,564
Supplies	138,370	222,961	84,592	445,923	307,553
Postage	8,557	18,620	10,063	37,240	28,683
Dues & Subscriptions	4,661	3,275	(1,386)	6,550	1,889
Travel & Entertainment	6,508	11,700	5,192	23,400	16,892
Other Operating Expense	698	32,877	30,379	80,154	79,456
Operations	158,794	289,434	128,839	593,267	434,473
Information Technology	45,297	68,775	24,359	137,550	92,253
Professional Fees	131,833	145,700	13,867	305,900	174,067
Commercial Insurance	106,779	107,500	721	215,000	108,221
Taxes	-	7,350	7,350	14,700	14,700
Provision for Bad Debt	12,288	12,000	(288)	24,000	11,712
Corporate Expenses	296,198	341,325	46,009	697,150	400,952
Expenses	5,334,478	5,258,441	(76,955)	10,535,462	5,200,985
Net surplus (Deficit)	603,224	481,104	121,201	943,628	340,404
Unrealized Gain/Loss on Investment	430,908	(9,000)	439,908	(18,000)	448,908
Net change in Net Assets-GVR	1,034,131	472,104	561,109	925,628	(108,504)



**Green Valley Recreation, Inc.  
Statement of Activities**

**YTD Period: 6 month period ending June 30, 2019  
FY Budget Period: 1/1/2019 - 12/31/2019**

	PRIOR YEAR COMPARISON				BUDGET COMPARISON				Fiscal Year Budget	Remaining FY Budget
	2018 YTD Actual	2019 YTD Actual	Year to Year Variance	%	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	%		
<b>Revenue</b>										
1 Member Dues	3,314,287	3,357,722	43,435	1%	3,357,722	3,350,675	7,047	0%	6,701,349	3,343,627
2 Life Care, Transfer, Tenant & Ad	468,845	484,481	15,636	3%	484,481	376,320	108,161	29%	752,640	268,159
3 Capital Revenue	1,460,632	1,322,671	(137,961)	(9%)	1,322,671	1,346,576	(23,905)	(2%)	2,693,151	1,370,480
4 Programs	267,519	177,021	(90,498)	(34%)	177,021	213,500	(36,479)	(17%)	427,000	249,979
5 Instructional	247,100	270,154	23,054	9%	270,154	215,725	54,429	25%	431,450	161,296
6 Recreational Revenue	514,619	447,176	(67,443)	(13%)	447,176	429,225	17,951	4%	858,450	411,274
7 Investment Income	159,676	193,950	34,274	21%	193,950	147,500	46,450	31%	295,000	101,050
8 Advertising Income	39,782	48,069	8,287	21%	48,069	37,500	10,569	28%	75,000	26,931
9 Cell Tower Lease Income	23,199	17,992	(5,207)	(22%)	17,992	28,500	(10,508)	(37%)	57,000	39,008
10 Communications Revenue	62,981	66,061	3,080	5%	66,061	66,000	61	0%	132,000	(66,061)
11 Other Income	16,264	15,268	(996)	(6%)	15,268	10,250	5,018	49%	20,500	5,232
12 Facility Rent	11,669	50,372	38,703	332%	50,372	11,500	38,872	338%	23,000	(27,372)
13 Marketing Events	0	0	0		0	1,500	(1,500)	(100%)	3,000	3,000
14 Other Revenue	27,933	65,640	37,707	135%	65,640	23,250	42,390	182%	46,500	(19,140)
<b>Total Revenue</b>	<b>6,008,973</b>	<b>5,937,701</b>	<b>(71,272)</b>	<b>(1%)</b>	<b>5,937,701</b>	<b>5,739,545</b>	<b>198,156</b>	<b>3.452%</b>	<b>11,479,090</b>	<b>5,541,389</b>
<b>Expenses</b>										
15 Major Projects-Repair & Maintena	215,273	407,275	(192,002)	(89%)	407,275	118,615	(288,660)	(243%)	240,829	(166,446)
16 Facility Maintenance	114,672	82,380	32,292	28%	82,380	241,734	159,354	66%	483,468	401,088
17 Fees & Assessments	6,335	9,914	(3,579)	(56%)	9,914	17,300	7,386	43%	34,600	24,686
18 Utilities	520,961	479,705	41,256	8%	479,705	375,882	(103,823)	(28%)	751,765	272,060
19 Depreciation	700,281	808,545	(108,264)	(15%)	808,545	654,554	(153,991)	(24%)	1,309,109	500,564
20 Furniture & Equipment	133,619	177,153	(43,534)	(33%)	177,153	115,488	(61,665)	(53%)	230,975	53,822
21 Vehicles	29,341	37,096	(7,755)	(26%)	37,096	40,302	3,206	8%	80,604	43,508
22 Facilities & Equipment	1,720,482	2,002,068	(281,586)	(16%)	2,002,068	1,563,875	(438,193)	(28%)	3,131,350	1,129,282
23 Wages, Benefits, Payroll Expenses	2,298,618	2,291,235	7,383	0%	2,291,235	2,502,016	210,780	8%	5,004,031	2,712,796
24 Conferences & Training	28,467	29,613	(1,146)	(4%)	29,613	29,000	(613)	(2%)	58,000	28,387
25 Personnel	2,327,085	2,320,849	6,236	0%	2,320,849	2,531,016	210,167	8%	5,062,031	2,741,182
26 Food & Catering	22,068	19,829	(19,829)	(90%)	19,829	25,800	5,971	23%	51,600	31,771
27 Recreation Contracts	402,159	385,223	(385,223)	(96%)	385,223	350,366	(34,858)	(10%)	700,731	315,508
28 Bank & Credit Card Fees	59,821	70,748	(70,748)	(118%)	70,748	50,000	(20,748)	(41%)	100,000	29,252
29 Program	484,048	475,800	8,248	2%	475,800	426,166	(49,635)	(12%)	852,331	376,531
30 Communications	49,455	46,017	3,438	7%	46,017	51,240	5,223	10%	102,480	56,463
31 Printing	35,884	34,752	1,132	3%	34,752	47,886	13,134	27%	81,853	47,101
32 Advertising	3,734	0	3,734	100%	0	7,500	7,500	100%	15,000	15,000
33 Communications	89,073	80,769	8,304	9%	80,769	106,626	25,858	24%	199,333	118,564
34 Supplies	174,293	138,370	35,923	21%	138,370	222,961	84,592	38%	445,923	307,553
35 Postage	7,747	8,557	(810)	(10%)	8,557	18,620	10,063	54%	37,240	28,683
36 Dues & Subscriptions	6,387	4,661	1,726	27%	4,661	3,275	(1,386)	(42%)	6,550	1,889
37 Travel & Entertainment	907	6,508	(5,601)	(618%)	6,508	11,700	5,192	44%	23,400	16,892
38 Other Operating Expense	20,580	698	19,882	97%	698	31,077	30,379	98%	80,154	79,456
39 Operations	209,914	158,794	51,120	24%	158,794	287,634	128,839	45%	593,267	434,473
40 Information Technology	24,350	44,416	(20,066)	(82%)	44,416	68,775	24,359	35%	137,550	93,134
41 Repair & Maint Network	0	882	(882)		882	1,800	918	51%		(882)
42 Professional Fees	126,728	131,833	(5,105)	(4%)	131,833	145,700	13,867	10%	305,900	174,067
43 Commercial Insurance	99,768	106,779	(7,011)	(7%)	106,779	107,500	721	1%	215,000	(106,779)
44 Taxes	54	0	54	100%	0	7,350	7,350	100%	14,700	14,700
45 Provision for Bad Debt	17,109	12,288	4,821	28%	12,288	12,000	(288)	(2%)	24,000	11,712
46 Corporate Expenses	268,009	296,198	(28,189)	(11%)	296,198	343,125	46,927	14%	697,150	400,952
<b>Expenses</b>	<b>5,098,611</b>	<b>5,334,478</b>	<b>(235,867)</b>	<b>(5%)</b>	<b>5,334,478</b>	<b>5,258,441</b>	<b>(152,037)</b>	<b>(2.9%)</b>	<b>10,535,462</b>	<b>5,200,984</b>
47 Gross surplus(Rev-Exp)	910,362	603,224	(307,138)		603,224	481,104	122,120		943,628	340,404
48 Unrealized Gain/Loss on Investment	(189,505)	430,908	609,822		430,908	(9,000)			(18,000)	(448,908)
49 Net from Operations	<u>720,857</u>	<u>1,034,131</u>	<u>302,683</u>		<u>1,034,131</u>	<u>472,104</u>			<u>925,628</u>	<u>(108,503)</u>



GREEN VALLEY RECREATION, INC.

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

**As of Date: June 30, 2019 and Dec 31, 2018**

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
<b>Net change in net assets-GVR</b>	\$ 1,034,131	1,034,131				
Transfers between unrestricted and reserves:						
Reserve Study Allocation	0	(966,323)		-	966,323	
Principal Transfers	0	(104,809)			(286,855)	391,664
	0					
Depreciation	0	808,545	(808,545)			
Purchase of Fixed Assets	0	(621,227)	621,227			
Withdrawals	0	562,214		(84,540)	(329,705)	(147,969)
Allocations of Net Change components:						
Investment income	0	(108,875)		7,606	76,083	25,186
Investment Expenses	0	3,633		(3,325)	(213)	(95)
Unrealized Gains (Losses) on Market	0	(426,315)		87,340	276,277	62,697
Repairs and replacements	0	-				
<b>Net change to June 30, 2019</b>	1,034,131	180,975	(187,318)	7,081	701,910	331,483
NET ASSETS, Dec 31, 2018	27,323,492	2,008,795	16,632,511	804,646	5,881,453	1,996,087
<b>Net Assets as at June 30, 2019</b>	<b>\$28,357,624</b>	<b>2,189,771</b>	<b>16,445,193</b>	<b>811,727</b>	<b>6,583,363</b>	<b>2,327,570</b>



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
<b>Balance Dec 31, 2018 (at Market)</b>	\$ 10,995,715	2,313,529	804,646	5,881,453	1,996,087
<b>Changes since January 1, 2017:</b>					
Principal additions	5,423,771	4,065,784	-	966,323	391,664
Investment income	142,666	33,791	7,606	76,083	25,186
Withdrawals	(3,682,347)	(2,833,278)	(84,540)	(616,560)	(147,969)
Investment Expenses	(3,633)	-	(3,325)	(213)	(95)
<b>Net Change for 6 Months</b>	1,880,457	1,266,297	(80,259)	425,633	268,786
<b>Balance before Market Change at June 30, 2019</b>	12,876,171	3,579,827	724,386	6,307,086	2,264,872
<b>6 month Change in Unrealized Gain (Loss)</b>	430,908	4,593	87,340	276,277	62,697
<b>Balance at June 30, 2019 (at Market)</b>	<b>\$ 13,307,079</b>	<b>3,584,420</b>	<b>811,727</b>	<b>6,583,363</b>	<b>2,327,570</b>







# Green Valley Recreation, Inc.

## CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying pages are the Financial Reports for July 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, INC.

# Green Valley Recreation, Inc. Statement of Financial Position

As of Date: July 31, 2019 and Dec 31, 2018

	<u>July 31, 2019</u>	<u>Dec 31, 2018</u>
	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash/Cash Equivalents	1,097,598	1,099,888
Accounts Receivable	223,103	97,020
Prepaid Expenses	234,973	207,872
Other Investments Charles Schwab/SBH	9,841,585	-
Investments	3,510,181	10,995,715
<b>Total Current Assets</b>	<b>14,907,439</b>	<b>12,400,495</b>
<b>Fixed Assets</b>		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	20,199,537	19,354,268
Sub-Total	37,793,322	36,948,053
Less - Accumulated Depreciation	(21,265,063)	(20,315,542)
<b>Net Fixed Assets</b>	<b>16,528,259</b>	<b>16,632,511</b>
<b>Total Assets</b>	<b>31,435,698</b>	<b>29,033,006</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	263,374	342,959
Deferred Dues & Fees	2,722,597	1,106,509
Deferred Programs	68,391	260,046
<b>Total Current Liabilities</b>	<b>3,054,363</b>	<b>1,709,514</b>
<b>TOTAL NET ASSETS</b>	<b>28,381,335</b>	<b>27,323,492</b>
<b>NET ASSETS</b>		
Temporarily Restricted:		
Board Designated:		
Emergency	819,329	804,646
Maint - Repair - Replacement	6,688,532	5,881,453
Initiatives	2,333,724	1,996,087
Sub-Total	9,841,585	8,682,185
Unrestricted Net Assets	17,481,908	18,641,307
Net change Year-to-Date	1,057,843	-
Unrestricted Net Assets	18,539,751	18,641,307
<b>TOTAL NET ASSETS</b>	<b>28,381,335</b>	<b>27,323,492</b>



# Green Valley Recreation, Inc.

## Summary Statement of Activities

7 month period ending July 31, 2019

	Actual	Budget to Date	%
<b>REVENUES:</b>			
Member Dues	\$ 3,917,089	\$ 3,909,120	0.2%
Life Care, Guest Cards, Transfer, Tenant & Add'l Card Fees	520,341	439,040	18.5%
New Member Capital/Initial Fees	1,471,405	1,571,005	(6.3%)
Recreation Income	459,169	500,763	(8.3%)
Cell Tower Lease / Advertising Income	82,991	77,000	7.8%
Investment Income/Realized Gains	161,023	125,417	28.4%
Other Income	129,488	73,792	75.5%
<b>Total Revenues</b>	<b>6,741,505</b>	<b>6,696,136</b>	<b>0.7%</b>
<b>EXPENSES:</b>			
Facilities & Equipment	2,297,331	1,824,521	(25.9%)
Personnel	2,680,560	2,952,852	9.2%
Program	488,621	497,193	1.7%
Communications	102,157	124,398	17.9%
Operations	180,147	335,572	46.3%
Corporate Expenses	393,828	400,313	1.6%
<b>Total Expenses</b>	<b>6,142,644</b>	<b>6,134,848</b>	<b>(0.1%)</b>
<b>Net Change in Net Assets from Operations</b>	<b>598,861</b>	<b>561,288</b>	
From Investment Activity:			
Net Unrealized Market Value Change	458,982	(10,500)	
<b>Net Excess (Deficiency) GVR (All Reserves)</b>	<b>\$ 1,057,843</b>	<b>550,788</b>	



# Green Valley Recreation, Inc.

## Summary Statement of Activities

Current Year - January to July 31, 2019

	BUDGET COMPARISON			Fiscal Year Budget	Remaining FY Budget
	YTD Actual	YTD Budget	YTD Variance		
<b>Revenue</b>					
Member Dues	3,917,089	3,909,120	7,969	6,701,349	2,784,260
Life Care, Transfer, Tenant & Add'l Card Fees	520,341	439,040	81,301	752,640	232,299
Capital Revenue	1,471,405	1,571,005	(99,600)	2,693,151	1,221,746
Programs	178,679	249,083	(70,404)	427,000	248,321
Instructional	280,489	251,679	28,810	431,450	150,961
Recreational Revenue	459,169	500,763	(41,594)	858,450	399,281
Investment Income	161,023	125,417	35,606	215,000	53,977
Advertising Income	63,805	43,750	20,055	75,000	11,195
Cell Tower Lease Income	19,186	33,250	(14,064)	57,000	37,814
Communications Revenue	82,991	77,000	5,991	132,000	49,009
Other Income	79,236	58,625	20,611	100,500	21,264
Facility Rent	50,252	13,417	36,836	23,000	(27,252)
Marketing Events	-	1,750	(1,750)	3,000	3,000
Other Revenue	129,488	73,792	55,696	126,500	(2,988)
<b>Total Revenue</b>	<b>6,741,505</b>	<b>6,696,136</b>	<b>45,369</b>	<b>11,479,090</b>	<b>4,737,585</b>
<b>Expenses</b>					
Major Projects-Repair & Maintenance	446,899	138,384	(308,515)	237,229	(209,670)
Facility Maintenance	99,148	282,023	182,875	483,468	384,320
Fees & Assessments	16,499	20,183	3,684	34,600	18,101
Utilities	550,845	438,529	(112,315)	751,765	200,920
Depreciation	949,521	763,647	(185,874)	1,309,109	359,588
Furniture & Equipment	194,182	134,735	(59,447)	230,975	36,793
Vehicles	40,237	47,019	6,782	80,604	40,367
Facilities & Equipment	2,297,331	1,824,521	(472,810)	3,127,750	830,419
Wages, Benefits, Payroll Expenses	2,650,947	2,919,018	268,072	5,004,031	2,353,085
Conferences & Training	29,613	33,833	4,220	58,000	28,387
Personnel	2,680,560	2,952,852	272,292	5,062,031	2,381,471
Food & Catering	20,779	30,100	9,321	51,600	30,821
Recreation Contracts	396,067	408,760	12,693	700,731	304,664
Bank & Credit Card Fees	71,776	58,333	(13,442)	100,000	28,224
Program	488,621	497,193	8,572	852,331	363,710
Communications	57,079	59,780	2,701	102,480	45,401
Printing	45,077	55,868	10,790	96,353	51,276
Advertising	-	8,750	8,750	15,000	15,000
Communications	102,157	124,398	22,241	213,833	111,676
Supplies	161,574	260,122	98,547	445,923	284,349
Postage	8,831	21,723	12,893	37,240	28,409
Dues & Subscriptions	4,889	3,821	(1,068)	6,550	1,661
Travel & Entertainment	7,395	13,650	6,255	23,400	16,005
Other Operating Expense	(2,542)	36,257	38,798	62,154	64,696
Operations	180,147	335,572	155,425	575,267	395,120
Information Technology	46,708	82,338	35,630	141,150	94,442
Professional Fees	169,869	169,983	114	291,400	121,531
Commercial Insurance	159,794	125,417	(34,377)	215,000	55,206
Taxes	-	8,575	8,575	14,700	14,700
Provision for Bad Debt	17,457	14,000	(3,457)	24,000	6,543
Corporate Expenses	393,828	400,313	6,485	686,250	292,422
<b>Expenses</b>	<b>6,142,644</b>	<b>6,134,848</b>	<b>(7,796)</b>	<b>10,517,462</b>	<b>4,374,818</b>
Gross surplus(Rev-Exp)	598,861	561,288	37,573	961,628	362,767
Unrealized Gain/Loss on Investment	458,982	(10,500)	469,482	(18,000)	(476,982)
<b>Net from Operations</b>	<b>1,057,843</b>	<b>550,788</b>	<b>507,055</b>	<b>943,628</b>	<b>(114,215)</b>



GREEN VALLEY RECREATION INC.

# Green Valley Recreation, Inc. Summary Statement of Activities

YTD Period: 7 month period ending July 31, 2019

FY Budget Period: Jan 1, 2019 - Dec 31, 2019

	PRIOR YEAR COMPARISON			%	BUDGET COMPARISON			%	Fiscal Year Budget	Remaining FY Budget
	2018 YTD Actual	2019 YTD Actual	Year to Year Variance		YTD Actual	YTD Budget	YTD Variance			
<b>Revenue</b>										
Member Dues	3,865,692	3,917,089	51,397	1%	3,917,089	3,909,120	7,969	0%	6,701,349	2,784,260
LC, Trans., Crd Fees.	511,523	520,341	8,818	2%	520,341	439,040	81,301	19%	752,640	232,299
Capital Revenue	1,660,822	1,471,405	(189,417)	(11%)	1,471,405	1,571,005	(99,600)	(6%)	2,693,151	1,221,746
Programs	272,198	178,679	(93,519)	(34%)	178,679	249,083	(70,404)	(28%)	427,000	248,321
Instructional	252,155	280,489	28,335	11%	280,489	251,679	28,810	11%	431,450	150,961
<b>Recreational Revenue</b>	<b>524,353</b>	<b>459,169</b>	<b>(65,184)</b>	<b>(12%)</b>	<b>459,169</b>	<b>500,763</b>	<b>(41,594)</b>	<b>(8%)</b>	<b>858,450</b>	<b>399,281</b>
<b>Investment Income</b>	<b>99,066</b>	<b>161,023</b>	<b>61,957</b>	<b>63%</b>	<b>161,023</b>	<b>125,417</b>	<b>35,606</b>	<b>28%</b>	<b>215,000</b>	<b>53,977</b>
Advertising Income	51,010	63,805	12,795	25%	63,805	43,750	20,055	46%	75,000	11,195
Cell Tower Lease Inc.	26,559	19,186	(7,374)	(28%)	19,186	33,250	(14,064)	(42%)	57,000	37,814
<b>Comm. Revenue</b>	<b>77,570</b>	<b>82,991</b>	<b>5,421</b>	<b>7%</b>	<b>82,991</b>	<b>77,000</b>	<b>5,991</b>	<b>8%</b>	<b>132,000</b>	<b>49,009</b>
Other Income	90,642	79,236	(11,406)	(13%)	79,236	58,625	20,611	35%	100,500	21,264
Facility Rent	11,644	50,252	38,608	332%	50,252	13,417	36,836	275%	23,000	(27,252)
Marketing Events	-	-	-	-	-	1,750	(1,750)	(100%)	3,000	3,000
<b>Other Revenue</b>	<b>102,286</b>	<b>129,488</b>	<b>27,202</b>	<b>27%</b>	<b>129,488</b>	<b>73,792</b>	<b>55,696</b>	<b>75%</b>	<b>126,500</b>	<b>(2,988)</b>
<b>Total Revenue</b>	<b>6,841,311</b>	<b>6,741,505</b>	<b>(99,806)</b>	<b>(1%)</b>	<b>6,741,505</b>	<b>6,696,136</b>	<b>45,369</b>	<b>1%</b>	<b>11,479,090</b>	<b>4,737,585</b>
<b>Expenses</b>										
Major Proj.-Rep. & Maint.	262,441	446,899	(184,458)	(70%)	446,899	138,384	(308,515)	(223%)	237,229	(209,670)
Facility Maintenance	123,941	99,148	24,793	20%	99,148	282,023	182,875	65%	483,468	384,320
Fees & Assessments	7,183	16,499	(9,316)	(130%)	16,499	20,183	3,684	18%	34,600	18,101
Utilities	591,485	550,845	40,641	7%	550,845	438,529	(112,315)	(26%)	751,765	200,920
Depreciation	816,977	949,521	(132,545)	(16%)	949,521	763,647	(185,874)	(24%)	1,309,109	359,588
Furniture & Equipment	146,918	194,182	(47,265)	(32%)	194,182	134,735	(59,447)	(44%)	230,975	36,793
Vehicles	30,595	40,237	(9,642)	(32%)	40,237	47,019	6,782	14%	80,604	40,367
<b>Facilities &amp; Equipment</b>	<b>1,979,540</b>	<b>2,297,331</b>	<b>(317,791)</b>	<b>(16%)</b>	<b>2,297,331</b>	<b>1,824,521</b>	<b>(472,810)</b>	<b>(26%)</b>	<b>3,127,750</b>	<b>830,419</b>
Wages, Benfts., PR Exp.	2,653,207	2,650,947	2,261	0%	2,650,947	2,919,018	268,072	9%	5,004,031	2,353,085
Conferences & Training	29,595	29,613	(18)	(0%)	29,613	33,833	4,220	12%	58,000	28,387
<b>Personnel</b>	<b>2,682,802</b>	<b>2,680,560</b>	<b>2,242</b>	<b>0%</b>	<b>2,680,560</b>	<b>2,952,852</b>	<b>272,292</b>	<b>9%</b>	<b>5,062,031</b>	<b>2,381,471</b>
Food & Catering	24,490	20,779	3,711	15%	20,779	30,100	9,321	31%	51,600	30,821
Recreation Contracts	411,135	396,067	15,069	4%	396,067	408,760	12,693	3%	700,731	304,664
Bank & Credit Card Fees	61,194	71,776	(10,581)	(17%)	71,776	58,333	(13,442)	(23%)	100,000	28,224
<b>Program</b>	<b>496,820</b>	<b>488,621</b>	<b>8,199</b>	<b>2%</b>	<b>488,621</b>	<b>497,193</b>	<b>8,572</b>	<b>2%</b>	<b>852,331</b>	<b>363,710</b>
Communications	56,659	57,079	(420)	(1%)	57,079	59,780	2,701	5%	102,480	45,401
Printing	46,137	45,077	1,059	2%	45,077	55,868	10,790	19%	96,353	51,276
Advertising	3,734	-	3,734	100%	-	8,750	8,750	100%	15,000	15,000
<b>Communications</b>	<b>106,529</b>	<b>102,157</b>	<b>4,373</b>	<b>4%</b>	<b>102,157</b>	<b>124,398</b>	<b>22,241</b>	<b>18%</b>	<b>213,833</b>	<b>111,676</b>
Supplies	184,292	161,574	22,717	12%	161,574	260,122	98,547	38%	445,923	284,349
Postage	8,211	8,831	(620)	(8%)	8,831	21,723	12,893	59%	37,240	28,409
Dues & Subscriptions	6,779	4,889	1,889	28%	4,889	3,821	(1,068)	(28%)	6,550	1,661
Travel & Entertainment	1,015	7,395	(6,380)	(629%)	7,395	13,650	6,255	46%	23,400	16,005
Other Operating Expense	22,474	(2,542)	25,016	111%	(2,542)	36,257	38,799	107%	62,154	64,696
<b>Operations</b>	<b>222,770</b>	<b>180,147</b>	<b>42,622</b>	<b>19%</b>	<b>180,147</b>	<b>335,572</b>	<b>155,425</b>	<b>46%</b>	<b>575,267</b>	<b>395,120</b>
Information Technology	33,887	46,708	(12,821)	(38%)	46,708	82,338	35,630	43%	141,150	94,442
Professional Fees	130,254	169,869	(39,615)	(30%)	169,869	169,983	114	0%	291,400	121,531
Commercial Insurance	125,531	159,794	(34,263)	(27%)	159,794	125,417	(34,377)	(27%)	215,000	55,206
Taxes	54	-	54	100%	-	8,575	8,575	100%	14,700	14,700
Provision for Bad Debt	17,109	17,457	(348)	(2%)	17,457	14,000	(3,457)	(25%)	24,000	6,543
<b>Corporate Expenses</b>	<b>306,835</b>	<b>393,828</b>	<b>(86,993)</b>	<b>(28%)</b>	<b>393,828</b>	<b>400,313</b>	<b>6,485</b>	<b>2%</b>	<b>686,250</b>	<b>292,422</b>
<b>Expenses</b>	<b>5,795,296</b>	<b>6,142,644</b>	<b>(347,348)</b>	<b>(6%)</b>	<b>6,142,644</b>	<b>6,134,848</b>	<b>(7,796)</b>	<b>(0%)</b>	<b>10,517,462</b>	<b>4,374,818</b>
<b>Gross surplus(Rev-Exp)</b>	<b>1,046,015</b>	<b>598,861</b>	<b>(447,154)</b>		<b>598,861</b>	<b>561,288</b>	<b>37,573</b>		<b>961,628</b>	<b>362,767</b>
Unrea. Gain/Loss on Invest.	(130,687)	458,982	589,668		458,982	(10,500)	469,482		(18,000)	(476,982)
<b>Net from Operations</b>	<b>915,329</b>	<b>1,057,843</b>	<b>142,515</b>		<b>1,057,843</b>	<b>550,788</b>	<b>507,055</b>		<b>943,628</b>	<b>(114,215)</b>



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
<b>Balance Dec 31, 2018 (at Market)</b>	\$ 10,995,715	2,313,529	804,646	5,881,453	1,996,087
<b>Changes since Jan 1, 2018:</b>					
Principal additions	5,504,098	4,065,784	-	1,046,850	391,464
Investment income	161,023	40,721	8,452	83,704	28,146
Withdrawals	(3,764,310)	(2,913,648)	(84,541)	(618,152)	(147,969)
Investment Expenses	(3,742)	(157)	(3,325)	(165)	(95)
<b>Net Change for 7 Months</b>	1,897,069	1,192,700	(79,414)	512,236	271,546
<b>Balance before Market Change at July 31, 2019</b>	12,892,784	3,506,229	725,232	6,393,690	2,267,633
<b>7 months Change in Unrealized Gain/(Loss)</b>	458,982	3,952	94,097	294,843	66,091
<b>Balance at July 31, 2019 (at Market)</b>	\$ 13,351,766	3,510,181	819,329	6,688,532	2,333,724



Green Valley Recreation, Inc.  
**Statement of Changes in Net Assets**  
**As of Date: July 31, 2019 and Dec 31, 2018**

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
<b>Net change in net assets-GVR</b>	\$ 1,057,843	1,057,843	-	-	-	-
Transfers between unrestricted and reserves:						
Reserve Study Allocation	0	(1,046,850)	-	-	1,046,850	-
Principal Transfers	0	(103,065)	-	-	(288,400)	391,464
Depreciation	0	949,521	(949,521)	-	-	-
Purchase of Fixed Assets	0	(845,269)	845,269	-	-	-
Withdrawals	0	562,262	-	(84,541)	(329,753)	(147,969)
Allocations of Net Change components:						
Investment income	0	(120,302)	-	8,452	83,704	28,146
Investment Expenses	0	3,585	-	(3,325)	(165)	(95)
Unrealized Gains (Losses) on Market	0	(455,030)	-	94,097	294,843	66,091
Repairs and replacements	0	-	-	-	-	-
<b>Net Change to July 31, 2019</b>	1,057,843	2,696	(104,252)	14,683	807,079	337,637
Net Assets at, Dec 31, 2018	27,323,492	2,008,795	16,632,511	804,646	5,881,453	1,996,087
<b>Net Assets as at, July 31, 2019</b>	<b>\$ 28,381,335</b>	<b>2,011,492</b>	<b>16,528,259</b>	<b>819,329</b>	<b>6,688,532</b>	<b>2,333,724</b>

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## **EXHIBIT**

### **BOARD OF DIRECTORS June 26, 2019**

### **APPROVED Board Affairs Committee June 10, 2019**

#### **MAINTENANCE REPAIR & REPLACEMENT RESERVE FUND**

**Overview:** GVR Board of Directors updated the Maintenance Repair and Replacement Reserve Policy at their May 22, 2019 meeting. To be consistent with the new policy, the CPM should be updated to reflect the change in funding.

**Recommendation:** The Board Affairs Committee unanimously recommends the Board of Directors delete the following from the CPM and renumber accordingly:

CORPORATE POLICY MANUAL  
SECTION V – FISCAL / ACCOUNTING  
SUBSECTION 2. RESERVE POLICY  
E. Maintenance, Repair & Replacement Reserve Fund

~~1. Purpose~~

~~This fund shall be used only to maintain, repair or replace existing equipment and facilities as listed in the Component List of the Annual Reserve Study.~~

~~If a Component is or Components are an integral part of a capital asset not part of the Component List, only the Fully Funded Balance (as defined by the Reserve Study) to maintain, repair or replace such Component or Components may be used to repair or replace a non-component list asset. for example: A pool failure requires a new pool, the Fully Funded Balance as of the fiscal year of the pool failure to resurface the pool deck, re-plaster the pool, etc. may be withdrawn from this reserve and used to cover some of the cost of the new pool.~~

**Example:**

A GVR pool needs to be replaced in fiscal year 2019. For pool resurfacing of said pool only, its Fully Funded Balance of \$8,742 for fiscal year 2019 not \$11,593 in 2021 can be used to cover some of the new pool cost.

**Fully Funded Balance / Cash Flow Method**

Inflation Rate		3.00%		Interest Rate		0.00%		Period →		0	1	2	3	4	5	6	7	8	9	10
Component List	Current Cost	Future Cost	Useful Life	Remaining Useful Life	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026					
<b>Pool - Resurface</b>	10,000	11,593	10	5	10,000	2,060	4,244	6,556	9,004	11,593	1,194	3,116	3,800	5,219	6,720					
	Useful Life =	10	10	10	10	10	10	10	10	10	10	10	10	10	10					
	Remaining Useful Life =	-5	-4	-3	-2	-1	0	-9	-8	-7	-6	-5								
	Useful Life - Remaining Useful Life = Effective Age	5	6	7	8	9	10	1	2	3	4	5								
	Effective Age ÷ Useful Life =	50%	60%	70%	80%	90%	100%	10%	20%	30%	40%	50%								
	Current Cost =	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593								
	Current Cost * (Effective Age ÷ Useful Life) =		\$ 6,000	\$ 7,000	\$ 8,000	\$ 9,000	\$10,000	\$ 1,159	\$ 2,319	\$ 3,478	\$ 4,637	\$ 5,796								
	<b>Fully Funded Balance</b>		\$ 6,180	\$ 7,426	\$ 8,742	\$ 10,130	\$11,593	\$ 1,194	\$ 2,460	\$ 3,800	\$ 5,219	\$ 6,720								

**APPROVED**  
**BOARD AFFAIRS**  
July 8, 2019

**EXHIBIT 3**

**NEW MEMBER CAPITAL FEE**

**SUBSECTION 3. ANNUAL DUES, ANNUAL DUES INSTALLMENT PAYMENT PLAN, INITIAL FEES, FEES FOR SERVICES (updated 9/25/2018)**

**D. Initial Fees**

1. The Initial Fee may be adjusted annually by the Board based on the Department of Labor CPI (Consumer Price Index), "all items, Western Urban Region," rounded to the nearest dollar amount.
2. The initial fee is due at the time of the closing of escrow on a deed-restricted membership property or at the time an owner elects to deed-restrict property for membership.
3. An owner paying an Initial Fee shall be exempt from paying the New Member Capital Fee on that property.

**E. New Member Capital Fee – adopted 12/17/2015**

Upon transfer of title to a GVR membership property, the new owner thereof shall pay a New Member Capital Fee unless such owner was a GVR membership property owner at the time of the transfer or within twelve months prior thereto. Revenue from the New Member Capital Fees may be used as will most effectively further the general purpose of the Corporation to provide for current and future needs.

**SUGGESTED:**

**E. New Member Capital Fee – adopted 12/17/2015**

1. Upon transfer of title to a GVR membership property, the new owner thereof shall pay a New Member Capital Fee unless such owner was a GVR membership property owner at the time of the transfer or within twelve months prior thereto.
2. *When purchasing 1 or more additional GVR membership properties, the new owner shall pay the New Member Capital Fee for each such additional property, except for transfer of title, as described in #1 of this section E.*
3. Revenue from the New Member Capital Fees may be used as will most effectively further the general purpose of the Corporation to provide for current and future needs.



APPROVED  
BOARD AFFAIRS  
July 8, 2019

EXHIBIT

GREEN VALLEY SQUARES REQUEST FOR GUEST FEE REDUCTION

**Overview**

On July 8, 2019 Randy Pecsek made a presentation to the Board Affairs Committee on behalf of the GV Squares Club.

The club requested the non-member guest fee be reduced to \$2.00 for the next year.

**Recommendation**

The Board Affairs committee recommends the Board of Directors approve the fee reduction of \$2 for guests of the GV Squares Club dances for the next year.



# EXHIBIT

Approved  
BOARD AFFAIRS  
June 10, 2019

## Typos in Corporate Policy Manual

Organizations I have researched or otherwise have personal knowledge do not revise and distribute a manual page containing an inconsequential error. That cost is not justified.

That said, I propose this CPM addition that does call for review of all errors, but does not require changing a page due to simple error. Keeping in mind some seemingly small errors can change or confuse the content meaning, or threaten lives, i.e., “Lets eat Grandma”, versus, “Let’s eat, Grandma”

Dale Sprinkle

### SECTION X – MISCELLANEOUS

#### SUBSECTION 3. MISTAKE OR TYPOGRAPHICAL ERROR IN PRINTED MATERIAL IN THE CORPORATE POLICY MANUAL.

- A. When a GVR member or employee discovers or is made aware of an apparent mistake or typographical error in the Corporate Policy Manual, that person is directed to forward that information to the Chair, Board Affairs Committee.
- B. Upon receipt of that information, the Chair, Board Affairs Committee, or a Board Affairs Committee member designated by the Chair for such purpose, shall examine the reported error and:
  - 1. If the error in any way changes or confuses the intended meaning of the section, it shall be referred to the Board Affairs Committee. The Committee shall take appropriate corrective action.
  - 2. If the error does not alter or confuse the intended meaning of the section, the reviewing person shall forward the information to the Director of Administrative Services, who may cause the item to be placed in a tickler file for corrective action to be taken the next time the page containing the error is otherwise revised.





# INVESTMENTS COMMITTEE

At the August Investment Committee meeting, the committee considered 5 proposals for the investment of GVR Operational Cash account. This recommendation was based upon a simpler structure which reduces the chance for operational errors and reduces the level of GVR financial staff workload required.

Additionally, we are able to get a lower price and a higher level of service which includes waiving account minimum requirements, and access to needed funds quicker, and increased returns on our investments. The current anticipated return is 2.74%.

The Investment Committee has approved and therefore recommends the GVR Board of Directors approve the transfer of Operational Account assets from Edward Jones to JP Morgan Chase. Since GVR already has its existing Operational bank accounts with JP Morgan Chase, they have offered to waive their account minimums and provide that the Branch Manager of its Scottsdale office be the point of contact for GVR financial staff.

This change also requires the updating of GVR's Investment Policy statement to address Operational cash, which includes an addendum which includes the investment strategy, asset allocation, performance objective, and investment constraints. This updated IPS has been approved unanimously by both the Investment and Fiscal Affairs committees.

Therefore, I make the following motion, that GVR Board's approve the transfer of assets from Edward Jones to JP Morgan Chase, and that the Board adopt the new Investment Policy Statement and Addendum (copies attached).

**CORPORATE POLICY MANUAL  
APPENDIX 1 – BOARD POLICIES  
SUBSECTION 3. GVR INVESTMENT POLICY**

**1. Introduction**

In making investment decisions, the Board of Directors (the “Board”), Investments Committee, GVR’s Chief Executive officer (the “CEO”) and Chief Financial officer (the “CFO”) and GVR’s financial advisor(s), if any, shall act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner they reasonably believe to be in the best interests of Green Valley Recreation, Inc. (the “GVR) and manage the assets of GVR in accordance with the Arizona Prudent Investor Act (AZ Rev Stat § 1410901 et. seq.) and the Arizona Management of Institutional Funds Act (AZ Rev Stat § 10-11801 et. seq.)

**2. Purpose and Scope**

The purpose of this Investment Policy Statement (the “IPS”) is to provide a framework for ensuring that GVR investments are managed consistently with GVR’s short-term and long-term financial objectives. At the same time, this IPS is intended to provide for sufficient investment flexibility to adjust to operational and market changes. This IPS applies to all investments of GVR’s excess operating cash and Reserve Funds and supersedes GVR’s Corporate Policy Manual concerning investments.

**3. Definitions**

Defined words used in this IPS are capitalized and written in **Bold** typeface.

See Appendix A for definitions of defined words.

**4. Management of Investments.**

GVR’s Board has fiduciary responsibility for GVR’s investments. The Board, Investments Committee, GVR’s CEO and CFO and financial advisor(s), if any, are bound by (1) this IPS unless changed or amended by Board resolution and (2) all federal and state laws and regulations.

**5. Investment Objectives, Risk Tolerance, Investment Strategy, Asset Allocation, Liquidity, and Rebalancing.**

The primary investment principle is to maintain the safety of GVR’s assets.

The secondary investment principle is to have invested operating cash and Reserve Funds available when needed by GVR’s operations without incurring an unwarranted loss of value or costs. The maturity horizon for each Fund shall be determined by each Fund’s purpose, use, and needs.

Specifically, the target **Asset Allocations** and anticipated allocation ranges for each Fund are below:

<b>Fund A (Initiatives Reserve Fund)</b>	<b>Target</b>	<b>Range</b>
Equities	10%	5-20%
Fixed Income	80%	80-100%
Cash	10%	0-20%

**Fund B (Maintenance  
Repair/Replace Reserve Fund)**

	<b>Target</b>	<b>Range</b>
Equities	25%	15-35%
Fixed Income	70%	65-75%
Cash	5%	0-10%

**Fund C (Emergency Reserve Fund)**

	<b>Target</b>	<b>Range</b>
Equities	70%	60-80%
Fixed Income	30%	15-35%
Cash	0%	0-15%

A specific **Risk Tolerance** to match the purpose and use of **Operating Cash Investments** and the **Reserve Funds** shall be determined. Within the constraints of the primary and secondary investment principles and **Risk Tolerance**, a written **Investment Strategy Addendum** for operating cash investments and the **Reserve Funds** shall be designed, constructed and implemented to achieve the following.

- a. Match the purpose and use of operating cash investments and each **Reserve Fund**.
- b. Provide a relatively predictable and growing stream of annual income and **Capital Appreciation** after inflation, taxes, if any, fees and costs while minimizing the impact of market **Volatility**.

Portfolios shall be **Rebalanced** as appropriate but at least annually.

**Liquidity** of all investments shall be trade-date plus two (2) business days ("T+2").

**6. Permitted Investments:**

- a. Fixed income securities issued by the U.S. Treasury Department,
- b. Fixed income securities issued by a direct Agency of the U.S. Federal Government,
- c. Certificates of Deposit issued by a bank that is insured by the U.S. Federal Deposit Corporation,
- d. Certificates of Deposit issued by a credit union that is insured by the U.S. National Credit Union Administration,
- e. Fixed income securities and fixed income financial instruments that are rated Investment Grade (at the time of purchase) by one or more of the major credit rating agencies and are denominated in U.S. Dollar terms,
- f. Common stock of a corporation that is either domiciled, headquartered, or incorporated in the U.S. and which trades in U.S. Dollar terms,
- g. Preferred stock of a corporation that is either domiciled, headquartered, or incorporated in the U.S. and which trades in U.S. Dollar terms,
- h. American Depository Receipts,
- i. Global Depository Receipts,
- j. Mutual funds and Exchange Traded Funds that satisfy the following seven criteria:
  1. Under normal market conditions, provide daily access,
  2. Under normal market conditions, settle within two or fewer business days,
  3. Are not designated by an independent third-party investment research firm as providing leveraged exposure,
  4. Are not designated by an independent third-party investment research firm as providing inverse exposure,

5. Are the cheapest share class available to GVR and for which GVR is eligible, and
6. Trade in U.S. Dollar terms.

Overnight investment in money market funds at GVR's bank and broker/dealer, if any, are permitted.

## **7. Prohibited Investments**

- a. Any security or financial instrument that is not listed as permitted in Section 6. Above

## **8. Review and Monitoring**

- a. GVR's Board of Directors is responsible for GVR's Investment policies, activities, and performance.
- b. The Chief Executive officer (CEO) shall have oversight of and the Chief Financial officer (CFO) is responsible for:
  - a) Monitoring the activities of GVR's financial advisor(s)
  - b) Day-to-day coordination with Advisor regarding investment activity and decisions.
- c. The Investments Committee's responsibilities are listed below.
  1. Select, hire and terminate professional outside investment advisor(s) with notice to the CEO
  2. Revise GVR's Investment Policy Statement subject to Board approval
  3. Monitor, measure, and report on investment advisor's or advisors' performance(s)
    - a) For Equities the following benchmarks shall be considered:
      - i. Russell 1000 (large-cap equities)
      - ii. Russell 2000 (small cap equities)
      - iii. MSCI EAFE (international equities)
    - b) For Fixed Income the following benchmark shall be considered:
      - i. Bloomberg Barclays US Intermediate Govt/Credit Index
  4. Ensure GVR management implements and complies with GVR's Investment Policy Statement
  5. Meet at least once each calendar quarter to perform its assigned duties and report to the Board.

## **9. The responsibilities of the Client**

- a. The client will authorize specific employees to serve as liaisons between the Client and Advisor.
- b. Client's authorized staff is responsible to ensure the smooth transition of the Clients investment portfolio to Advisor.
- c. Client's authorized staff will oversee that the Advisor's reporting requirements are met.
- d. Client's authorized staff will ensure that communications to Advisor from Client's Board of Directors or Investments Committee are presented to Advisor in a timely manner.

- e. Client's authorized staff will facilitate the Advisor's face-to-face and videoconference presentations to Client's Board of Directors or Investments Committee.
- f. Any proposed changes to this investment policy statement will be discussed with the Advisor promptly.
- g. The client will inform the Advisor, as soon as possible of anticipated additions to or withdrawals from the Portfolio.

#### **10. The responsibilities of the Advisor**

- a. Any deviation from these guidelines will be discussed in advance with the Client unless market conditions require immediate action.

The Advisor will, within these guidelines, have full discretion to buy, sell, invest and reinvest in assets on behalf of the Client.

- b. Advisor has a fiduciary responsibility to make investment decisions based upon what is best for the Client and within Investment Policy

Guidelines approved by the Client, the Advisor will have discretion to buy, sell, invest, and reinvest in investment assets on behalf of the Client, with notification to the Client of such transactions.

- c. The Investment Advisor will make in-person presentations about the Client's investment portfolio to the Client's Board of Directors and/or Investments Committee in Green Valley, AZ at Advisor's expense at least twice a year, unless otherwise mutually agreed in writing between Advisor and Client.

- d. The Advisor will participate in audio and/or videoconference meetings with the Client's Investments Committee on a quarterly basis each year, when not meeting in person, unless otherwise mutually agreed in writing between Advisor and Client.

#### **11. Acknowledgments**

We, the Board of Directors, recognize the importance of adhering to this Investment Policy Statement and agree to fulfill its objectives to the best of our ability.

## APPENDIX A – Definition of Terms Investment Policy Statement Green Valley Recreation, Inc.

Investopedia.com is the primary source of definitions. Some definitions have been paraphrased or they are a composite from several sources.

**American Depository Receipt (ADR)** is a negotiable certificate issued by a U.S. bank representing a specific number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. Dollars, with the underlying security held by a U.S. financial institution overseas. This is an excellent way to buy an investment in a foreign-based company while realizing any dividend and capital gains in U.S. Dollars. However, ADRs do NOT eliminate currency, economic and country risks attributable to the foreign-based company. There are other ADR risks too. Consult your financial advisor(s).

**Asset Allocation**, buy and sell guidelines and **Risk Tolerance**. Investment strategies can differ greatly from a rapid growth strategy to a **Capital Appreciation** strategy. The most important part of an investment strategy is that it aligns with the investor's goal and it is followed closely by the investor and his financial advisor.

**Asset Class** means a group of securities that exhibit similar characteristics. The three (3) main asset classes are stocks, fixed income securities (bills, notes, bonds & other debt) and cash and cash equivalents. Some investment professional would include real estate and commodities and, possibly, other types of investments. Whatever the asset lineup, each one is expected to reflect different risk and return characteristics and will perform differently.

**Asset Allocation** is an **Investment Strategy** aimed to balance risk and reward by apportioning a portfolio's assets according to an investor's goals, **Risk Tolerance**, and investment time horizon. There is no simple formula that can find the right asset allocation for every investor. However, the consensus among most financial professionals is asset allocation is one of the most important decisions an investor can make. In other words, an investor's selection of individual securities is secondary to the way investments are allocated among the various securities.

**Capital Appreciation** is a rise of an asset price based on a rise in market price.

**Credit Rating** is a grade composed of a letter or letters and numbers given to a particular security by a **Nationally Recognized Statistical Rating Organization** (a credit agency) that ranks investment according to its ability to meet its obligations.

**Diversification** is a process of allocating capital in a way that reduces exposure to any one particular asset or risk.

**Fund** or **Fund's** and **Funds** or **Funds'** means operating cash investments and each **Reserve Fund**.

**Investment Grade** is a **Credit Rating** that indicates the issuer of a debt security has relatively low probably of default. In the case of stocks, investment grade indicates the financial soundness of the issuer. The investment industry has well-established credit rating standards for investment grade.

**Investment Strategy** is an investor's plan of attack to guide its investment decisions based on its goals, **Risk Tolerance** and future needs for invested money. The components of most investment strategies include

**Investment Strategy Addendum** is the written **Investment Strategy** required in section 5 of this Investment Policy Statement.

**Leverage** is the use of various financial instruments or borrowed capital such as margin to increase a potential return of an investment.

**Liquidity** means how quickly and easily an investment can be converted into cash.

**Nationally Recognized Statistical Rating Organization (NRSRO)** is a term used by the U.S. Federal government in several regulatory areas to define a credit rating company like Standard & Poor's, Moody's, Fitch and others.

**Rebalancing** is the process of realigning the weightings of a portfolio's assets to match its **Asset Allocation** model's weightings. Over time, the prices of investments rise and fall unevenly thus changing the weighting of a portfolio's assets. For example: If an **Asset Allocation** model is 40% stocks, 50% fixed income and 10% cash and the current portfolio assets are distributed 45% stocks, 35% fixed income and 20% cash, rebalancing buys and sells investments to align the current portfolio's asset weightings with the **Asset Allocation** model. If a different **Asset Allocation** model is applied to a portfolio, rebalancing adjusts the portfolio's assets to the new **Asset Allocation** model's weightings.

**Reserve Fund** and **Reserve Funds** mean a reserve fund as defined in GVR's Corporate Policy Manual, Section V-Fiscal/Accounting, Subsection 2 – Reserve Policy – adopted 11/18/2014, subparagraph B – Maintenance of GVR Financial Reserve System Updated 8/25/15.

**Risk Tolerance** is an investor's willingness to risk a potential loss for a potential gain. For example: How comfortable is an investor taking a potential 10% loss for a potential gain of 20%? The investor's risk tolerance is tested at various levels of loss v. gain to assess the investor's overall tolerance for risk and reward.

**Volatility** is the dispersion of a security's price from its mean price over time. A high deviation from a security's mean indicates high volatility. Allow deviation indicates low volatility. Commonly, higher the volatility means higher the risk.

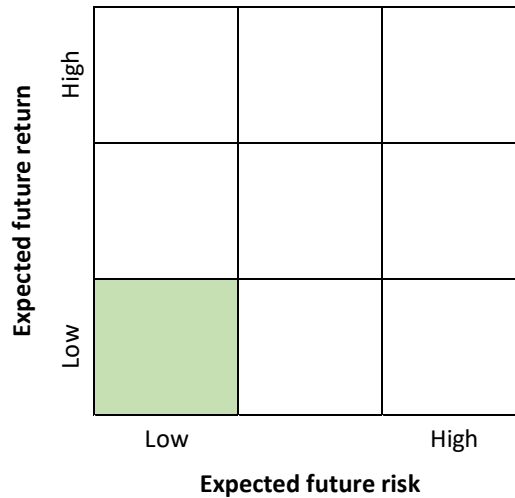
# GVR INVESTMENT POLICY STATEMENT

## INVESTMENT STRATEGY ADDENDUM – OPERATING CASH INVESTMENTS

### Purpose and Use

**Operating Cash Investments** pays GVR’s operating expenses. Excess operating cash, not needed immediately, shall be invested in accordance with the **Risk Tolerance**, **Asset Allocation**, **Performance Objective**, and **Investment Constraints** specified below. If one or more of the **Investment Constraints** is violated, the **Violation Cure Procedure** will be followed.

### Risk Tolerance



### Asset Allocation

	Target	Permitted Range
<b>Equities</b>	0%	0% to 0%
<b>Fixed Income (other than Cash Equivalents)</b>	59%	39% to 69%
<b>Cash Equivalents</b>	41%	31% to 61%



## Performance Objective

The desired return is 50 Basis Points (0.50%) above six-month U.S. Treasury Bills measured over rolling time windows of six months in length.

## Investment Constraints

- At any and all times, the **Portfolio** is required to:
  - Have an **Average Effective Maturity** of less than 2.50 years,
  - Have an **Average Effective Credit Quality** that is “A+” or better,
  - Consist exclusively of daily-access mutual funds that provide settlement within one business day (or less), and
  - Consist of mutual funds that collectively provide indirect diversification across more than 900 individual securities (reflecting the securities contained inside the mutual funds).
- The **Portfolio** is prohibited from directly holding any security that:
  - Is not classified as a daily-access mutual fund,
  - Requires more than one business day for settlement,
  - Is classified by any one of the **Designated Investment Research Firms** as:
    - Something other than a domestic fixed income mutual fund,
    - Providing inverse exposure,
    - Providing leveraged exposure,
    - Holding less than 150 individual securities (held inside of the mutual fund), or
    - Having an **Average Effective Duration** that is less than or equal to zero.
  - Generates an annual K-1 tax statement,
- If the **Portfolio** strays outside of the **Policy Range**, then within three business days, the Portfolio is to be rebalanced back to **Policy Weights**.

## Violation Cure Procedure

- If the **Portfolio** is in violation of one or more of the **Investment Constraints** described above for a period of time greater than fifteen consecutive business days, then:
  - The Chairman of the GVR Investment Committee is to be immediately notified,
  - The **Portfolio** is to be brought back into compliance within fifteen business days, and
  - Once the Portfolio is back in compliance, the Chairman of the GVR Investment Committee is to be immediately notified.

## **Definitions**

**Portfolio** means the entire **Operating Cash Investments** held at J.P. Morgan taken as a whole and in its totality.

**Average Effective Maturity** and **Average Effective Credit Quality** shall be based only on data, information, and calculations provided by the **Designated Investment Research Firms**.

**Designated Investment Research Firms** are Schwab, Morningstar, J.P. Morgan Private Bank, J.P. Morgan Asset Management, Portfolio Insights (JP Morgan Chase & Co), and the specific mutual fund companies that comprise the **Portfolio**.

**Policy Weights** is defined as:

- 41% JP Morgan Prime Money Market Fund, VPMXX (a money market fund)
- 41% JP Morgan Managed Income Fund L, JMGIX (a bond mutual fund)
- 18% JP Morgan Floating Rate Income Fund, JPHSX (a bond mutual fund)

**Policy Range** is defined as:

- 31% to 61% JP Morgan Prime Money Market Fund, VPMXX (a money market fund)
- 31% to 51% JP Morgan Managed Income Fund L, JMGIX (a bond mutual fund)
- 8% to 24% JP Morgan Floating Rate Income Fund, JPHSX (a bond mutual fund)



## **EXHIBIT**

### **BOARD OF DIRECTORS AUGUST 26, 2019**

#### **Solar Services Estoppel**

##### **Overview**

Green Valley Renewable Energy LLC is requesting that GVR sign an estoppel certificate because it is selling all of its outstanding equity interest to SR Green Valley Holdings, LLC. As part of that transaction, SR Green Valley Holdings, LLC is requesting an estoppel certificate. An estoppel certificate is commonly used in instances where there is an existing contractual relationship between parties and a third party comes to own interest that is related to/impacted by the existing agreement. This new third party wants to have it acknowledged that everything is good with the existing agreement and affiliated parties.

The execution of the estoppel certificate is provided for in Section 22(i) of the Solar Services Agreement with Green Valley Renewable Energy LLC.

The estoppel was reviewed by the attorney who reviewed the First Amendment of the Solar Services agreement and GVR received the following comments:

The estoppel certificate that sent to you is very standard and fine for you to execute. You should understand that you are acknowledging all of the following:

- a. There are no defaults or potential defaults under the original agreement or amendment with Green Valley Renewable Energy LLC ("SSA");
- b. There is no existing basis for GVR to cancel or terminate the SSA;
- c. There are no defenses or offsets in favor of GVR against enforcement of any of the terms, covenants and conditions of the SSA;
- d. Green Valley Renewable Energy LLC has observed and performed all of the terms, covenants and conditions to be observed and performed;
- e. You/GVR have observed and performed all terms, covenants and conditions to be observed and performed; and
- f. To your/GVR's actual knowledge, there are no actions, whether voluntary or otherwise, pending against GVR under the bankruptcy laws of the United States or any state thereof.

##### **Recommendation**

The Board of Directors authorize President Sieck to sign the proposed estoppel certificate (attached).

## OFFTAKER ESTOPPEL CERTIFICATE

This Offtaker Estoppel Certificate (this “Certificate”) is delivered as of August \_\_, 2019 (the “Effective Date”) by Green Valley Recreation Inc. (“Offtaker”).

WHEREAS, Offtaker is a party to that certain Solar Services Agreement, dated as of June 28, 2018, by and between Offtaker and Green Valley Renewable Energy LLC (“Seller”), as amended by that certain First Amendment, dated as of August \_\_, 2019 (as amended, the “SSA”). Capitalized terms not defined herein shall have the meanings given to such terms in the SSA;

WHEREAS, pursuant to the SSA, Seller agreed to construct certain solar panel systems (“Systems”) on premises owned by Offtaker, and Offtaker agrees to purchase the energy produced by the solar panel systems and licenses the premises on which the systems are to be constructed to Seller (the “Premises”);

WHEREAS, SR Green Valley Holdings, LLC, a Delaware limited liability company (“Buyer”) in connection with providing financing to Seller for the System, is purchasing all of the outstanding equity interests in Seller;

WHEREAS, Section 22(i) of the SSA provides that either Party to the SSA, without charge, at any time within five (5) business days after receipt of a written request by the other party, shall deliver a written estoppel certificate certifying to certain matters specified therein and Seller hereby, in accordance with the SSA, so requests.

Offtaker hereby certifies, as of the Effective Date, to Buyer, and its successors and assigns, who in material reliance on the certifications contained herein is assuming the Seller’s interest and obligations in and to the SSA, as follows:

1. Exhibit A sets forth a true and complete copy of all documents constituting the SSA, including the SSA and any amendments or modifications of the same. The SSA is unmodified and in full force and effect, as set forth in Exhibit B. The SSA represents the entire agreement between Offtaker and Seller.

2. As of the Effective Date:

a. there are no defaults existing under the SSA on the part of Seller or Offtaker, and, to Offtaker’s knowledge, no events have occurred that, with the passage of time or the giving of notice, or both, would constitute a default by Seller or Offtaker under the SSA;

b. there is no existing basis for Offtaker to cancel or terminate the SSA;

c. there are no defenses or offsets in favor of Offtaker against enforcement of any of the terms, covenants and conditions of the SSA;

d. Seller has observed and performed all of the terms, covenants and conditions on Seller’s part to be observed and performed; and

e. Offtaker has observed and performed all of the terms, covenants and conditions on Offtaker’s part to be observed and performed.

3. To Offtaker’s actual knowledge, there are no actions, whether voluntary or otherwise, pending against Offtaker under the bankruptcy laws of the United States or any state

thereof.

4. Offtaker has read this Certificate and acknowledges and understands the certifications and representations made herein. The undersigned signatory represents and warrants that he or she is duly authorized to execute this Certificate on behalf of Offtaker.

[SIGNATURE PAGE FOLLOWS]





## **EXHIBIT**

### **Overview:**

Article I. Section E. of the Corporate Policy Manual states;

Vision of the Corporation (September 27, 2016);

“To be the preeminent destination of choice for active adults and retirees.”

It was not well received by the membership and rated poorly on the 2018 Membership Survey.

In 2018, a subcommittee of the Survey Ad Hoc Committee was created to propose an alternative vision statement. An alternative was never proposed to the Board.

The Corporate Policy Manual still contains the vision statement that was created in September 27, 2016.

**Recommendation: Remove Article I Section E from CPM.**







GREEN VALLEY RECREATION, INC.

August 28, 2019

President Regina Ford,  
Board of Directors  
Country Fair White Elephant, Inc.  
601 North La Canada  
Green Valley, Arizona 85614

Dear President Ford,

The Green Valley Recreation, Inc. (GVR) Board of Directors offers unqualified support to the GVR Foundation in seeking a grant from Country Fair White Elephant, Inc. to aid the GVR Foundation's Member Assistance Program (MAP).

For over 24 years, the MAP has served 870 Green Valley Recreation, Inc. members who reside in Green Valley by providing financial aid to those living on limited financial resources. Thanks to a generous \$5,000 grant from Country White Elephant, Inc. in 2018, MAP was able to financially assist 45 individuals in need in 2019.

Please know that GVR Board of Directors is extremely appreciative and thankful for the continued support for MAP provided to the GVR Foundation by the Country White Elephant, Inc.

Sincerely,

Charles F. Sieck  
President, Green Valley Recreation, Inc. Board of Directors