



## AGENDA

BOARD OF DIRECTORS MEETING  
 Wednesday, September 25, 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	x	x	2:02
3	Consent Calendar	Sieck			2:05
A.	Minutes: Board of Directors August 28th Meetings		x	x	
B.	August Financial Statement		x	x	
4	President Report	Sieck			2:10
5	CEO Report	Blumenthal			2:12
6	Policy Governance	Chalmers			2:15
A.	Ownership Linkage				
B.	Monitoring				
	CEO Monitoring Reports				
	Board Monitoring Reports				
C	Policy Decisions				
	Adopt policy manual		x	x	
7	Committee Reports				
A.	Fiscal Affairs	Crothers			2:25
	Movement of Funds from Reserves		x	x	
	Adopt financial consultant recommendations		x	x	
B.	Board Affairs	Curtin			2:40
C	Planning & Evaluation	Coon			2:45
	Proposed capital projects		x	x	
D	Audit	Vanderhoof			3:00
	Approval of Auditor for 2019		x	x	
E	Bylaws Ad Hoc	Curtin			3:10
F	Survey / Facility Access Ad Hoc	Thornton			3:15
	Final Committee Recommendations		x	x	
9	Board Project Status Reports				
A.	Solar Gains Status	Blumenthal			3:25
B.	Pickle Complex Status Update	Blumenthal			3:30
10	New Business				
A.	2020 dues invoices	Blumenthal			3:35
B.	Property Acquisition Capital Fee administration	Blumenthal			3:40
C	Facility Utilization	Sieck			3:45

*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.*

11	GVR Foundation Report	Counter			3:50
A.	Application for MAP Grant		x	x	
12	Member Comments (limit to 2 minutes each)				3:55
13	Adjournment				4:00

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A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Wednesday, August 28, 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), Christine Gallegos, Gail Vanderhoof, Don Weaver, Kent Blumenthal (non-voting)

**Directors Present Electronically:** Lynne Chalmers (Vice President), Tom Sadowski (Assistant Treasurer), Suzan Curtin, Mike Zelenak

**Directors Absent:** Denise Nichols

**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), Randy Cheatham (IT Director), Conal Ward (IT Technician)

**Visitors:** 63 (includes additional staff)

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

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

**2. Adopt Agenda**

**MOTION: Crothers / Seconded. Adopt Agenda as amended, remove item #10. Removal of Vision Statement from CPM under New Business. Passed: unanimous**

**3. Consent Calendar**

A. Minutes: Board of Directors June 26 and August 8, 2019 Meetings

**MOTION: Chalmers / Seconded. Approve June 26 and August 8, 2019 Meeting Minutes as presented.**

**MOTION TO AMEND: Crothers / Seconded. Remove Historical Timeline of the GVR-BAJA Proposed Lease Agreement from the August 8, 2019 Meeting Minutes.**

**Failed: 2 yes (Crothers, Curtin) / 9 no**

**Motion Passed: 10 yes / 1 no (Crothers)**

B. June and July Financial Statements

**MOTION: Crothers / Seconded. Approve June and July 2019 Financial Statements as presented.**

**Passed: unanimous**

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

Good afternoon. Welcome to the August Board of Directors meeting. We have a lot exciting things going.

The first, I want to congratulate the Pickleball Club for reaching their 24 court goal. You have to admire their dedication and engagement. Through the efforts of the Pickleball Club, the number of GVR pickleball courts will triple. An expansion of this magnitude is extremely rare in any organization of any kind. The number of GVR pickleball players has been growing but a shortage of courts has been cited on numerous occasions as the limiting factor to the growth of pickleball in Green Valley. This will be a fascinating project to watch unfold and its impact on pickleball in Green Valley.

Next I want to apologize if you came to the Board meeting to watch the fireworks related to the vision statement. The 2018 Membership Survey asked the membership their opinion of this vision statement. The results showed it was very controversial. Thirty two percent of the 14,020 comments were related to the vision statement. There are members that are strongly supportive and others that are just as strongly against it. This morning's Green Valley News did an outstanding job of characterizing the issue. The one thing we can all agree on is that the Board has more important things to work on at this time.

Not all of the exciting things are positive. GVR has received our annual update to the MRR reserve study. The updated study increased the current replacement cost by 25%. This was due to a combination of nationwide increase in construction costs and a more accurate accounting of the replacement costs of mechanical equipment, such as air conditioners. In the past, the study was based on national averages for mechanical equipment. This update used actual GVR invoices to establish the costs. The bottom line is at year end 2018 our MRR reserve was 93.4% funded while our target is 85% so we thought the GVR MRR reserve was in great shape. The year end 2019 was going to be slightly under the target at 80.4% based on last year's study. The updated study projects the MRR reserve for year end 2019 to be 66.5% funded which is way below the 85% target.

The whole MRR reserve process is to ensure we have the money to maintain our equipment and facilities and keep us from getting caught low on funds. It is a great process but this latest update has created the appearance of a shortage of funds. GVR currently has nearly \$15M in financial assets so we have the money. The Board needs to decide where, when, and how to move it around. This is not a crisis.

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

Good afternoon fellow GVR members, Board, and staff. My CEO report covers GVR-related activities since our last regular session Board meeting on June 26.

##### **1. Arizona Parks & Recreation Association 'Active Adult 50+ Program Award' to GVR**

On August 21, I attended the Arizona Parks and Recreation Association's (APRA) Annual Awards Banquet at the *El Conquistador Tucson* resort in Oro

Valley to accept Arizona Parks and Recreation Association's (APRA) best-in-class *Active Adult 50+ Program Award* for 2019 for GVR's new Safety Orientation Seminar (SOS) and SOS Volunteer Program. Joining me in accepting the award was Maureen McCarthy. Coworkers Kris Zubicki, Miles Waterbury, Ashley Coggins, and David Webster joined the awards banquet celebration to honor their colleague Maureen McCarthy.

## **2. FY2020 Budget Proposed to Fiscal Affairs Committee**

Staff proposed a balanced annual budget for FY2020 to the Fiscal Affairs Committee (FAC) on August 22, 2019. The proposed annual budget included operating and capital. It did not include a change in dues or fees from the FY2019 budget, pending board determination about funding for additional activities and non-reserve capital projects.

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

Construction of the Pickleball Center is proceeding on schedule. Pickleball court construction is expected to begin mid-September. The fundraising goal of 24-courts was reached, with a total of \$347,455 donated from more than 1,400 individuals and a few businesses. Farmers Water has graciously permitted the construction trailer to be parked on their property during construction and have allowed access to electrical power for GVR to install Wi-Fi and a construction webcam on top of the trailer. The webcam should be in place within a couple of weeks.

## **4. Solar Installations**

Solar Gain received approval to start turning systems on! The first two will be Casa Paloma 2 Center and Abrego South Center, which will go live later this week. Within two weeks, West Center, Canoa Ranch, and East Center are expected to go live.

- **Casa Paloma 2:** Project 100% complete. Meter installed. Connectivity established. Permit to Operate issued.
- **Abrego South:** Project 100% complete. Meter installed. Connectivity established. Permit to Operate issued.
- **West Center:** Partial parking has been restored for the West Center Tennis Court Parking. Project is 98% complete. Meter installed. Connectivity established. Awaiting Permit to Operate.
- **East Center:** Project is 98% complete. Meter installed. Connectivity not established. Awaiting Permit to Operate.
- **Administrative Offices:** Meter not installed. Connectivity not established.
  - **Phase 1** (north parking lot) - 98% complete.
  - **Phase 2** (south parking lot) - 90% complete.
- **Canoa Hills:** Project is 100% complete. Meter not installed. Connectivity not established.
- **Canoa Ranch:** Project is 100% complete. Meter installed. Connectivity established. Awaiting Permit to Operate.
- **Desert Hills:** Solar project construction work is complete. The lower parking lot is closed. Site clean-up will be completed the week of 9/2. Project is 95% complete.

- **Santa Rita Springs:** The parking lot west of the Ceramic Studio and the Santa Cruz Building parking lot are closed for the construction of solar canopies. Construction completion and site clean-up expected to be completed the week of 9/12.
  - **Phase 1** (east parking lot) – Santa Cruz Building - 50% complete.
  - **Phase 2** (west parking lot) – Fiesta Building - 80% complete.
- **Las Campanas Center:** The south parking lot closest to the Center will be closed for the duration of the solar canopy construction. Trenching work complete. Construction completion is estimated to be 9/20. Project is 35% complete.
- **Facilities Maintenance Building:** Construction of a solar canopy at this site has begun. This installation was approved by the Board on 8/8 at the Special Board of Directors Meeting.

Thank you.

## 6. Committee Reports

### A. Policy Governance Ad Hoc – Director Chalmers reported.

Director Chalmers requested the Policy Governance Source Document and the Policy Governance Overview Presentation be included in the minutes.

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

**MOTION: Crothers / Seconded. GVR Board of Directors approve the staff recommendation and adopt the Schedule for Dues and Fees. Passed: 8 yes / 3 no (Coon, Weaver, Zelenak)**

### C. Board Affairs – Director Curtin reported.

CPM Update for MR&R

**MOTION: Curtin / Seconded. GVR Board of Directors approve to remove Section V. Fiscal / Accounting, Subsection 2. Reserve Policy, E. Maintenance, Repair & Replacement Reserve Fund, 1. Purpose and the Fully Funded Balance/Cash Flow Method chart below #1 in the Corporate Policy Manual (CPM). (see Exhibit)  
Passed: unanimous**

Multiple Property NMCF

**MOTION: Curtin / Seconded. GVR Board of Directors approve updates to the Corporate Policy Manual (CPM) under Section II – Membership, Subsection 3. Annual Dues, Annual Dues Installment Payment Plan, Initial Fees, Fees for Services, E. New Member Capital Fee to add #2 and to change the name New Member Capital Fee to Property Acquisition Capital Fee. (see Exhibit)**

**MOTION TO AMEND: Curtin / Seconded. Add effective date October 1, 2019.**

**Passed: 10 yes / 1 no (Crothers)**

**Amended Motion Passed: 10 yes / 0 no / 1 abstain (Crothers)**

***Amended Motion: GVR Board of Directors approve updates to the Corporate Policy Manual (CPM) under Section II – Membership, Subsection 3. Annual Dues, Annual Dues Installment Payment Plan, Initial Fees, Fees for Services, E. New Member Capital Fee to add #2 and to change the name New Member Capital Fee to Property Acquisition Capital Fee, effective date October 1, 2019. (see Exhibit)***

Square Dance Club Request

**MOTION: Curtin / Seconded. GVR Board of Directors approve \$2.00 fee reduction for GV Squares Club non-member guests for their dances for the year. (see Exhibit)**

**Passed: unanimous**

CPM Update for Typographical Errors

**MOTION: Curtin / Seconded. GVR Board of Directors approve addition in the Corporate Policy Manual (CPM) under Section X – Miscellaneous, Subsection 3. Mistake or Typographical Error in Printed Material in the Corporate Policy Manual. (see Exhibit)**

**Passed: unanimous**

**D. Planning & Evaluation** – Director Coon reported.

**E. Audit** – Director Vanderhoof reported.

**F. Investments**

Investment Management Agreement / Investment Policy

**MOTION: Sadowski / Seconded. GVR Board of Directors approve transfer of GVR Operational Account assets from Edward Jones to JP Morgan Chase, adopt the new Investment Policy Statement (IPS) and Addendum.**

**Whereas, the Fiscal Affairs Committee approved the Investments Committee’s recommendation to add an Investment Strategy Addendum for Operating Cash Investments to GVR’s Investment Policy Statement to allow opening three (3) proprietary JP Morgan Chase Mutual Fund accounts to replace the current Edward Jones account;**

**Now, therefore let it be resolved that GVR Chief Executive Officer Kent Blumenthal is authorized to sign JP Morgan Investment Account opening documents; and,**

**Further, Kent Blumenthal, GVR Chief Executive Officer and Cheryl Moose, GVR Chief Financial Officer are authorized signers for the JP Morgan Chase Investment accounts.**

**Passed: unanimous**

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

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

**7. Board Project Status Reports**

**A. Solar Gain Status** – Refer to CEO Report: Solar Installations.

**B. Solar Services Agreement Amendment** - President Sieck reported an additional \$2,000 in cost savings to GVR as part of the First Amendment to the Solar Services Agreement between GVR and Solaris approved at the August 8 Special Board Meeting.

**C. Estoppel Certificate**

**MOTION: Sieck / Seconded. GVR Board of Directors authorizes President Sieck to sign the Solar Services Estoppel Certificate which execution is provided for in Section 22(i) of the Solar Services Agreement with Green Valley Renewable Energy LLC.**

**Passed: unanimous**

**D. Pickleball Complex Status Update** – Refer to CEO Report: Pickleball Center – Phase I Construction Contract.

**8. GVR Foundation Report**

Letter of support for MAP grant application

**MOTION: Vanderhoof / Seconded. GVR Board of Directors authorizes President Sieck to sign the Country Fair White Elephant grant letter of support for GVR Foundation (GVRF) to assist in raising funds for GVR Member Assistance Program (MAP).**

**Passed: unanimous**

GVRF President Jim Counter reported: MAP grant request due to Country Fair White Elephant September 15; GVRF to host a Donor Thank You Event on October 30, partially funded by Greater Green Valley Community Foundation in the amount of \$2,000; and consideration is being given to apply for grants to fund a Portable Stage.

**9. Member Comments: 3**

**10. Adjournment**

**MOTION: Vanderhoof / Seconded. Adjourn meeting at 4:05pm MST.**

**Passed: unanimous**





## **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					
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.

# 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.

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.

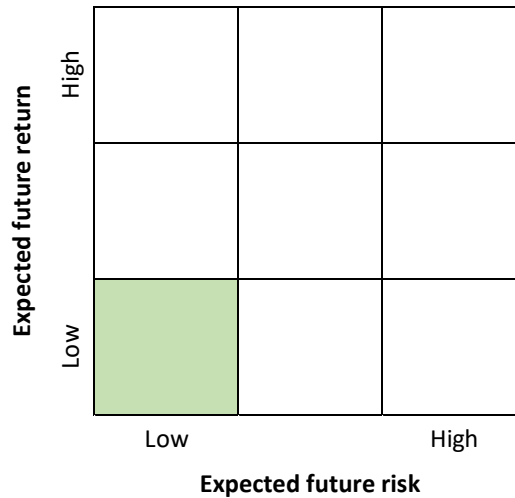
# GVR INVESTMENT POLICY STATEMENT

## 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)





# Green Valley Recreation, Inc.

## CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying pages are the Financial Reports for August 31, 2019. The four statements

### **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: August 31, 2019 and Dec 31, 2018

	<b>August 31, 2019</b>	<b>Dec 31, 2018</b>
	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash/Cash Equivalents	485,280	1,099,888
Accounts Receivable	191,995	97,020
Prepaid Expenses	210,982	207,872
Other Investments (Charles Schwab/SBH)	9,954,306 (1)	-
Unrestricted Investments	3,437,842 (2)	10,995,715
<b>Total Current Assets</b>	<b>14,280,406</b>	<b>12,400,495</b>
<b>Fixed Assets</b>		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	20,353,850	19,354,268
Sub-Total	37,947,635	36,948,053
Less - Accumulated Depreciation	(21,408,928)	(20,315,542)
<b>Net Fixed Assets</b>	<b>16,538,708 (4)</b>	<b>16,632,511</b>
<b>Total Assets</b>	<b>30,819,113</b>	<b>29,033,006</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	119,786	342,959
Deferred Dues & Fees	2,164,458	1,106,509
Deferred Programs	79,227	260,046
<b>Total Current Liabilities</b>	<b>2,363,471</b>	<b>1,709,514</b>
<b>TOTAL NET ASSETS</b>	<b>28,455,642 (5)</b>	<b>27,323,492</b>
<b>NET ASSETS</b>		
Temporarily Restricted:		
Board Designated:		
Emergency	803,178	804,646
Maint - Repair - Replacement	6,797,096	5,881,453
Initiatives	2,354,033	1,996,087
Sub-Total	9,954,306 (1)	8,682,185
Unrestricted Net Assets	17,369,186	18,641,307
Net change Year-to-Date	1,132,150	-
Unrestricted Net Assets	18,501,336	18,641,307
<b>TOTAL NET ASSETS</b>	<b>28,455,642</b>	<b>27,323,492</b>



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

8 month period ending August 31, 2019

	Actual	Budget to Date	%
<b>REVENUES:</b>			
Member Dues	\$ 4,476,945	\$ 4,467,566	0.2%
Life Care, Guest Cards, Transfer, Tenant & Add'l Card Fees	557,683	501,760	11.1%
New Member Capital/Initial Fees	1,643,116	1,795,434	(8.5%)
Recreation Income	475,008	572,300	(17.0%)
Cell Tower Lease / Advertising Income	93,780	88,000	6.6%
Investment Income/Realized Gains	201,730	143,333	40.7%
Other Income	132,838	84,333	57.5%
<b>Total Revenues</b>	<b>7,581,100</b>	<b>7,652,727</b>	<b>(0.9%)</b>
<b>EXPENSES:</b>			
Facilities & Equipment	2,611,080	2,085,167	(25.2%)
Personnel	3,040,102	3,374,688	9.9%
Program	504,410	568,221	11.2%
Communications	112,214	142,169	21.1%
Operations	234,900	383,511	38.8%
Corporate Expenses	437,127	457,500	4.5%
<b>Total Expenses</b>	<b>6,939,833</b>	<b>7,011,255</b>	<b>1.0%</b>
<b>Net Change in Net Assets from Operations</b>	<b>641,267</b>	<b>641,472</b>	
From Investment Activity:			
Net Unrealized Market Value Change	490,883	(12,000)	
<b>Net Excess (Deficiency) GVR (All Reserves)</b>	<b>\$ 1,132,150</b>	<b>629,472</b>	



# Green Valley Recreation, Inc. Summary Statement of Activities

Current Year - January to August 31, 2019

	BUDGET COMPARISON			Fiscal Year Budget	Remaining FY Budget
	YTD Actual	YTD Budget	YTD Variance		
<b>Revenue</b>					
Member Dues	4,476,945	4,467,566	9,379	6,701,349	2,224,404
Life Care, Transfer, Tenant & Add'l Card Fees	557,683	501,760	55,923	752,640	194,957
Capital Revenue	1,643,116	1,795,434	(152,318)	2,693,151	1,050,035
Programs	180,883	284,667	(103,784)	427,000	246,117
Instructional	294,125	287,633	6,492	431,450	137,325
<b>Recreational Revenue</b>	<b>475,008</b>	<b>572,300</b>	<b>(97,292)</b>	<b>858,450</b>	<b>383,442</b>
<b>Investment Income</b>	<b>201,730</b>	<b>143,333</b>	<b>58,396</b>	<b>215,000</b>	<b>13,270</b>
Advertising Income	71,192	50,000	21,192	75,000	3,809
Cell Tower Lease Income	22,589	38,000	(15,411)	57,000	34,411
<b>Communications Revenue</b>	<b>93,780</b>	<b>88,000</b>	<b>5,780</b>	<b>132,000</b>	<b>38,220</b>
Other Income	82,185	67,000	15,185	100,500	18,315
Facility Rent	50,652	15,333	35,319	23,000	(27,652)
Marketing Events	-	2,000	(2,000)	3,000	3,000
<b>Other Revenue</b>	<b>132,838</b>	<b>84,333</b>	<b>48,504</b>	<b>126,500</b>	<b>(6,338)</b>
<b>Total Revenue</b>	<b>7,581,100</b>	<b>7,652,727</b>	<b>(71,627)</b>	<b>11,479,090</b>	<b>3,897,990</b>
<b>Expenses</b>					
Major Projects-Repair & Maintenance	505,589	158,153	(347,436)	237,229	(268,360)
Facility Maintenance	112,482	322,312	209,831	483,468	370,987
Fees & Assessments	26,465	23,067	(3,398)	34,600	8,135
Utilities	614,562	501,177	(113,385)	751,765	137,203
Depreciation	1,093,386	872,739	(220,647)	1,309,109	215,723
Furniture & Equipment	209,531	153,983	(55,547)	230,975	21,444
Vehicles	49,067	53,736	4,669	80,604	31,537
<b>Facilities &amp; Equipment</b>	<b>2,611,080</b>	<b>2,085,167</b>	<b>(525,913)</b>	<b>3,127,750</b>	<b>516,670</b>
Wages, Benefits, Payroll Expenses	3,010,347	3,336,021	325,674	5,004,031	1,993,685
Conferences & Training	29,756	38,667	8,911	58,000	28,244
<b>Personnel</b>	<b>3,040,102</b>	<b>3,374,688</b>	<b>334,585</b>	<b>5,062,031</b>	<b>2,021,929</b>
Food & Catering	23,668	34,400	10,732	51,600	27,932
Recreation Contracts	407,820	467,154	59,334	700,731	292,911
Bank & Credit Card Fees	72,922	66,667	(6,256)	100,000	27,078
<b>Program</b>	<b>504,410</b>	<b>568,221</b>	<b>63,811</b>	<b>852,331</b>	<b>347,921</b>
Communications	64,557	68,320	3,763	102,480	37,923
Printing	47,657	63,849	16,191	96,353	48,696
Advertising	-	10,000	10,000	15,000	15,000
<b>Communications</b>	<b>112,214</b>	<b>142,169</b>	<b>29,955</b>	<b>213,833</b>	<b>101,619</b>
Supplies	179,499	297,282	117,783	445,923	266,424
Postage	9,217	24,827	15,610	37,240	28,023
Dues & Subscriptions	5,560	4,367	(1,194)	6,550	990
Travel & Entertainment	5,197	15,600	10,403	23,400	18,203
Other Operating Expense	35,427	41,436	6,009	62,154	26,727
<b>Operations</b>	<b>234,900</b>	<b>383,511</b>	<b>148,611</b>	<b>575,267</b>	<b>340,367</b>
Information Technology	48,603	94,100	45,497	141,150	92,547
Professional Fees	182,510	194,267	11,757	291,400	108,890
Commercial Insurance	186,352	143,333	(43,019)	215,000	28,648
Taxes	-	9,800	9,800	14,700	14,700
Provision for Bad Debt	19,662	16,000	(3,662)	24,000	4,338
<b>Corporate Expenses</b>	<b>437,127</b>	<b>457,500</b>	<b>20,373</b>	<b>686,250</b>	<b>249,123</b>
<b>Expenses</b>	<b>6,939,833</b>	<b>7,011,255</b>	<b>71,422</b>	<b>10,517,462</b>	<b>3,577,629</b>
Gross surplus(Rev-Exp)	641,267	641,472	(205)	961,628	320,361
Unrealized Gain/Loss on Investment	490,883	(12,000)	502,883	(18,000)	(508,883)
<b>Net from Operations</b>	<b>1,132,150</b>	<b>629,472</b>	<b>502,678</b>	<b>943,628</b>	<b>(188,522)</b>



# Green Valley Recreation, Inc. Summary Statement of Activities

YTD Period: 8 month period ending August 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	4,416,958	4,476,945	59,987	1%	4,476,945	4,467,566	9,379	0%	6,701,349	2,224,404
LC, Trans., Crd Fees.	545,948	557,683	11,735	2%	557,683	501,760	55,923	11%	752,640	194,957
Capital Revenue	1,799,264	1,643,116	(156,148)	(9%)	1,643,116	1,795,434	(152,318)	(8%)	2,693,151	1,050,035
Programs	274,508	180,883	(93,625)	(34%)	180,883	284,667	(103,784)	(36%)	427,000	246,117
Instructional	263,630	294,125	30,496	12%	294,125	287,633	6,492	2%	431,450	137,325
<b>Recreational Revenue</b>	<b>538,137</b>	<b>475,008</b>	<b>(63,129)</b>	<b>(12%)</b>	<b>475,008</b>	<b>572,300</b>	<b>(97,292)</b>	<b>(17%)</b>	<b>858,450</b>	<b>383,442</b>
<b>Investment Income</b>	<b>128,818</b>	<b>201,730</b>	<b>72,912</b>	<b>57%</b>	<b>201,730</b>	<b>143,333</b>	<b>58,396</b>	<b>41%</b>	<b>215,000</b>	<b>13,270</b>
Advertising Income	60,945	71,192	10,247	17%	71,192	50,000	21,192	42%	75,000	3,809
Cell Tower Lease Inc.	27,752	22,589	(5,164)	(19%)	22,589	38,000	(15,411)	(41%)	57,000	34,411
<b>Comm. Revenue</b>	<b>88,697</b>	<b>93,780</b>	<b>5,083</b>	<b>6%</b>	<b>93,780</b>	<b>88,000</b>	<b>5,780</b>	<b>7%</b>	<b>132,000</b>	<b>38,220</b>
Other Income	99,794	82,185	(17,608)	(18%)	82,185	67,000	15,185	23%	100,500	18,315
Facility Rent	15,464	50,652	35,188	228%	50,652	15,333	35,319	230%	23,000	(27,652)
Marketing Events	-	-	-	-	-	2,000	(2,000)	(100%)	3,000	3,000
<b>Other Revenue</b>	<b>115,258</b>	<b>132,838</b>	<b>17,579</b>	<b>15%</b>	<b>132,838</b>	<b>84,333</b>	<b>48,504</b>	<b>58%</b>	<b>126,500</b>	<b>(6,338)</b>
<b>Total Revenue</b>	<b>7,633,080</b>	<b>7,581,100</b>	<b>(51,981)</b>	<b>(1%)</b>	<b>7,581,100</b>	<b>7,652,727</b>	<b>(71,627)</b>	<b>(1%)</b>	<b>11,479,090</b>	<b>3,897,990</b>
<b>Expenses</b>										
Major Proj.-Rep. & Maint.	311,390	505,589	(194,199)	(62%)	505,589	158,153	(347,436)	(220%)	237,229	(268,360)
Facility Maintenance	138,397	112,482	25,915	19%	112,482	322,312	209,831	65%	483,468	370,987
Fees & Assessments	8,714	26,465	(17,751)	(204%)	26,465	23,067	(3,398)	(15%)	34,600	8,135
Utilities	653,157	614,562	38,596	6%	614,562	501,177	(113,385)	(23%)	751,765	137,203
Depreciation	933,672	1,093,386	(159,714)	(17%)	1,093,386	872,739	(220,647)	(25%)	1,309,109	215,723
Furniture & Equipment	164,563	209,531	(44,968)	(27%)	209,531	153,983	(55,547)	(36%)	230,975	21,444
Vehicles	37,958	49,067	(11,109)	(29%)	49,067	53,736	4,669	9%	80,604	31,537
<b>Facilities &amp; Equipment</b>	<b>2,247,851</b>	<b>2,611,080</b>	<b>(363,229)</b>	<b>(16%)</b>	<b>2,611,080</b>	<b>2,085,167</b>	<b>(525,913)</b>	<b>(25%)</b>	<b>3,127,750</b>	<b>516,670</b>
Wages, Benfts., PR Exp.	2,966,338	3,010,347	(44,009)	(1%)	3,010,347	3,336,021	325,674	10%	5,004,031	1,993,685
Conferences & Training	39,396	29,756	9,641	24%	29,756	38,667	8,911	23%	58,000	28,244
<b>Personnel</b>	<b>3,005,734</b>	<b>3,040,102</b>	<b>(34,369)</b>	<b>(1%)</b>	<b>3,040,102</b>	<b>3,374,688</b>	<b>334,585</b>	<b>10%</b>	<b>5,062,031</b>	<b>2,021,929</b>
Food & Catering	28,093	23,668	4,425	16%	23,668	34,400	10,732	31%	51,600	27,932
Recreation Contracts	420,869	407,820	13,050	3%	407,820	467,154	59,334	13%	700,731	292,911
Bank & Credit Card Fees	62,654	72,922	(10,269)	(16%)	72,922	66,667	(6,256)	(9%)	100,000	27,078
<b>Program</b>	<b>511,615</b>	<b>504,410</b>	<b>7,206</b>	<b>1%</b>	<b>504,410</b>	<b>568,221</b>	<b>63,811</b>	<b>11%</b>	<b>852,331</b>	<b>347,921</b>
Communications	64,163	64,557	(394)	(1%)	64,557	68,320	3,763	6%	102,480	37,923
Printing	48,331	47,657	673	1%	47,657	63,849	16,191	25%	96,353	48,696
Advertising	3,734	-	3,734	100%	-	10,000	10,000	100%	15,000	15,000
<b>Communications</b>	<b>116,227</b>	<b>112,214</b>	<b>4,013</b>	<b>3%</b>	<b>112,214</b>	<b>142,169</b>	<b>29,955</b>	<b>21%</b>	<b>213,833</b>	<b>101,619</b>
Supplies	207,678	179,499	28,179	14%	179,499	297,282	117,783	40%	445,923	266,424
Postage	8,565	9,217	(651)	(8%)	9,217	24,827	15,610	63%	37,240	28,023
Dues & Subscriptions	6,960	5,560	1,400	20%	5,560	4,367	(1,194)	(27%)	6,550	990
Travel & Entertainment	1,477	5,197	(3,720)	(252%)	5,197	15,600	10,403	67%	23,400	18,203
Other Operating Expense	15,676	35,427	(19,752)	(126%)	35,427	41,436	6,009	15%	62,154	26,727
<b>Operations</b>	<b>240,356</b>	<b>234,900</b>	<b>5,456</b>	<b>2%</b>	<b>234,900</b>	<b>383,511</b>	<b>148,611</b>	<b>39%</b>	<b>575,267</b>	<b>340,367</b>
Information Technology	43,227	48,603	(5,376)	(12%)	48,603	94,100	45,497	48%	141,150	92,547
Professional Fees	188,907	182,510	6,398	3%	182,510	194,267	11,757	6%	291,400	108,890
Commercial Insurance	130,990	186,352	(55,362)	(42%)	186,352	143,333	(43,019)	(30%)	215,000	28,648
Taxes	638	-	638	100%	-	9,800	9,800	100%	14,700	14,700
Provision for Bad Debt	9,895	19,662	(9,767)	(99%)	19,662	16,000	(3,662)	(23%)	24,000	4,338
<b>Corporate Expenses</b>	<b>373,658</b>	<b>437,127</b>	<b>(63,469)</b>	<b>(17%)</b>	<b>437,127</b>	<b>457,500</b>	<b>20,373</b>	<b>4%</b>	<b>686,250</b>	<b>249,123</b>
<b>Expenses</b>	<b>6,495,441</b>	<b>6,939,833</b>	<b>(444,392)</b>	<b>(7%)</b>	<b>6,939,833</b>	<b>7,011,255</b>	<b>71,422</b>	<b>1%</b>	<b>10,517,462</b>	<b>3,577,629</b>
Gross surplus(Rev-Exp)	1,137,639	641,267	(496,372)		641,267	641,472	(205)		961,628	320,361
Unrea. Gain/Loss on Invest.	(75,789)	490,883	566,672		490,883	(12,000)	502,883		(18,000)	(508,883)
<b>Net from Operations</b>	<b>1,061,851</b>	<b>1,132,150</b>	<b>70,299</b>		<b>1,132,150</b>	<b>629,472</b>	<b>502,678</b>		<b>943,628</b>	<b>(188,522)</b>



Green Valley Recreation, Inc.  
**Investment Portfolios**  
**Changes and Market Values**  
**Beginning of Year and Curent 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	5,584,625	4,065,784	-	1,127,377	391,464
Investment income	201,730	48,624	9,061	104,281	39,765
Withdrawals	(3,845,013)	(2,994,175)	(84,764)	(618,105)	(147,969)
Investment Expenses	(35,792)	(157)	(5,185)	(22,658)	(7,793)
<b>Net Change for 8 Months</b>	1,905,550	1,120,076	(80,888)	590,895	275,467
<b>Balance before Market Change at August 31, 2019</b>	12,901,265	3,433,605	723,758	6,472,348	2,271,554
<b>8 months Change in Unrealized Gain/(Loss)</b>	490,883	4,237	79,420	324,747	82,479
<b>Balance at August 31, 2019 (at Market)</b>	\$ 13,392,148	3,437,842	803,178	6,797,096	2,354,033

pg 2 (3)

pg 2 (2)

9,954,306 pg 2 (1)



Green Valley Recreation, Inc.  
**Statement of Changes in Net Assets**  
**As of Date: August 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>	\$ 1,132,150	1,132,150	-	-	-	-
Transfers between unrestricted and reserves:						
Reserve Study Allocation	0	(1,127,377)	-	-	1,127,377	-
Principal Transfers	0	(103,065)	-	-	(288,400)	391,464
Depreciation	0	1,093,386	(1,093,386)	-	-	-
Purchase of Fixed Assets	0	(999,582)	999,582	-	-	-
Withdrawals	0	562,438	-	(84,764)	(329,705)	(147,969)
Allocations of Net Change components:						
Investment income	0	(153,106)	-	9,061	104,281	39,765
Investment Expenses	0	35,636	-	(5,185)	(22,658)	(7,793)
Unrealized Gains (Losses) on Market	0	(486,646)	-	79,420	324,747	82,479
Repairs and replacements	0	-	-	-	-	-
<b>Net Change to August 31, 2019</b>	1,132,150	(46,167)	(93,804)	(1,468)	915,643	357,946
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, August 31, 2019</b>	<b>\$ 28,455,642</b>	<b>1,962,628</b>	<b>16,538,708</b>	<b>803,178</b>	<b>6,797,096</b>	<b>2,354,033</b>

pg 2 (5)

pg 2 (4)

9,954,306 pg 2 (1)



**Policy Governance Ad Hoc Committee Exhibit**  
**September 25, 2019 Board Meeting**

The Board committed to adopting the Policy Governance model on April 24, 2019. Since then, the first step in the implementation process, developing the policy manual (i.e. Ends, Executive Limitations, Governance Policies, Board Management/Delegation) (see Exhibit), has been completed. After three discussion sessions of the draft manual with both Board and staff, the Board is ready to complete the second step in the implementation of Policy Governance: approval of the policy manual.

**Motion: Approve the attached Policy Governance Manual (dated September 25, 2019), excluding the two monitoring schedules: Board Policies and Ends/Executive Limitations Policies; further, insert the two monitoring schedules into the Policy Governance Manual once they are formally adopted by the Board of Directors at the October Board meeting.**

September 19, 2019

## Changes Made and Changes Recommended for Discussion at the September Board Meeting

### Changes Made to the Policy Manual (after the Sept 15 copy was sent to the directors):

- “Draft” was removed from the copy
- “Package” was changed to “manual”
- Header was changed to date of the Board meeting, September 25<sup>th</sup>
- Added the word “governance” in three places: 1) 3.3.2.1 Consultations with selected groups in the membership, or other methods of gaining member input must be determined and arranged in the first quarter, to be held during the balance of the **governance** year. 2) 3.3.2.2 Governance education, and education related to Ends determination (e.g. presentations by consultants) must be primarily arranged in the first quarter, to be held during the balance of the **governance** year. 3) 3.3.3 Throughout the **governance** year, the Board must attend to items required by the Articles of Incorporation, Bylaws, State Statutes or other legal requirements as expeditiously as possible.
- Deleted wording in E.L. 2.6 Asset Protection: 2.6.10 ~~Invest or~~ hold operating capital in insecure instruments, including uninsured checking accounts and ~~bonds of less than investment grade rating at any time~~, or in non-interest-bearing accounts except where necessary to facilitate ease in short-term operational transactions. *Rationale: Investment decisions are made by the Board and the IC and not by the CEO.*
- Deleted ~~E.L. 2.7 Compensation and Benefits: 2.7.5 Treat the CEO differently from other key employees.~~ *Rationale: The original statement in the template was an item under “pension benefits.” With the removal of the pension benefits item, this no longer makes sense. In addition, how can the CEO treat himself differently when it is the Board that sets his compensation and benefits?*
- Changed the wording in 3.3 Agenda Planning; 3.3.1 The cycle must conclude each year ~~on~~ by March 31 so that administrative planning can be based on accomplishing a one-year segment of the Board’s most recent statement of long-term Ends. *Rationale: Replacing “on” with “by”*



September 19, 2019

*indicates this must be completed by the end of March and not on a specific date.*

- Changed the wording in 3.6 Board Secretary's Role: 3.6.2 The Secretary shall be given all notices in accordance with provisions of these [policies](#) ~~Bylaws~~ or as required by law. *Rationale: This is a manual of policies and not Bylaws.*
- Deleted Investment Committee ~~3.10.6.3 Review the administration's assessment of return on financial investments and any recommended changes.~~ *Rationale: The Investment Policy does not include the CEO assessing return on investments.*

## **GVR Board of Directors Policy Governance Manual**

### **Introduction and Foundation of the Package:**

#### **POLICY GOVERNANCE® SOURCE DOCUMENT**

#### **Why a Source Document?**

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, and writings, implementation may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver, his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation, and impotence. This Source Document (pages 1-4) has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

#### **What Policy Governance is NOT!**

1. Policy Governance is not a specific Board structure. It does not dictate Board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a Board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, or managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

## **What Policy Governance IS!**

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing Boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that Boards exist and the nature of Board authority, Policy Governance integrates unique principles designed to enable accountable Board leadership.

## **Principles of Policy Governance**

- 1. Ownership:** The Board connects its authority and accountability to those who morally, if not legally, own the organization. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.
- 2. Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
- 3. Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual members, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
- 4. Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends”

in describing the Policy Governance model, but they can be called by whatever name a Board chooses if the concept is strictly preserved.

5. **Board Means Policies:** The Board defines in writing those behaviors, values, practices, disciplines, and conduct of the Board itself and of the Board’s delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-Ends decisions, they are called “Board means” to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff’s means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as “Executive Limitations” in describing the Policy Governance model, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
7. **Policy “Sizes”:** The Board’s decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer (CEO), it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the CEO the right to use any reasonable interpretation of those policies.

**10. Monitoring:** The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends and Executive Limitations policies is being achieved. If there is a CEO, this constitutes the CEO's evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands Board actions inconsistent with Policy Governance, the Board creatively uses the consent agenda or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. Thus, in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing Board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance Boards live these principles in everything they are, do and say.

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Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 - 2007.

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## Policy Manual - Table of Contents

Policy	Page(s)
<b>Ends 1.0</b>	6
<b>Executive Limitations 2.0</b>	7
E.L. 2.0 – Global Executive Limitation	7
E.L. 2.1 - Treatment of Members	7
E.L. 2.2 - Treatment of Staff	8
E.L. 2.3 - Financial Planning and Budgeting	8
E.L. 2.4 - Financial Condition and Activities	9
E.L. 2.5 - Emergency CEO Succession	10
E.L. 2.6 - Asset Protection	10
E.L. 2.7 - Compensation and Benefits	11
E.L. 2.8 - Communication and Support to the Board	12
E.L. 2.9 - Ends Focus of Grants or Contracts	13
<b>Governance Process 3.0</b>	14
G.P. 3.0 – Global Governance Commitment	14
G.P. 3.1 - Governing Style	14
G.P. 3.2 - Board Job Description	15
G.P. 3.3 - Agenda Planning	16
G.P. 3.4 - Chief Governance Officer’s (President’s) Role	17
G.P. 3.5 – Vice President’s Role	18
G.P. 3.6 - Secretary’s Role	18
G.P. 3.7 – Treasurer’s Role	19

<b>Policy</b>	<b>Page(s)</b>
G.P. 3.8 - Code of Conduct	19
G.P. 3.9 - Board Committee Principles	21
G.P. 3.10 - Board Committee Structure	22
G.P. 3.11 - Cost of Governance	25
<b>Board - Management Delegation 4.0</b>	27
B.M.D. 4.0 – Global Board/Management Connection	27
B.M.D. 4.1 - Unity of Control	27
B.M.D. 4.2 - Accountability of the CEO	27
B.M.D. 4.3 - Delegation to the CEO	28
B.M.D. 4.4 - Monitoring of the CEO	29
B.M.D. 4.5 – Policy Violations	31

## **ENDS 1.0**

1.0 GVR members and guests have an active, healthy, fulfilling lifestyle in a secure and safe environment. These Ends are achieved at a level that justifies the resources invested and is affordable to members.

1.1 GVR members participate in GVR’s diverse activities. (Active)

1.2 GVR members and guests enjoy physical, mental, and emotional health. (Healthy)

1.3 GVR members are satisfied and feel their lives are purposeful. (Fulfilling)

1.4 Resources invested include staff, volunteers, finances, capital assets (facilities and equipment), and reserve funds. (Resources)

1.5 Dues are commensurate with cost of living, inflation, and operational expenses. (Affordability)

## **EXECUTIVE LIMITATIONS 2.0**

### **E.L. 2.0 – Global Executive Limitation**

2.0 The CEO must not cause or allow any organizational practice, activity, decision, or circumstance which is unlawful, imprudent or in violation of commonly accepted business and professional ethics and practices, GVR governing documents, or Arizona statutes.

### **E.L. 2.1 – Treatment of Members**

2.1 With respect to interactions with members, guests or tenants, the CEO must not cause or allow conditions, procedures, or decisions that are unsafe, undignified, discriminatory, unnecessarily intrusive or which leave members uninformed.

The CEO must not:

2.1.1 Use methods of collecting, reviewing, transmitting, or storing client information that fails to protect against improper access.

2.1.2 Operate facilities that are not inviting, in good working condition, safe, accessible, or otherwise discourage the use of these facilities.

2.1.3 Allow members to be uninformed or misinformed of their rights and responsibilities or without a way to be heard.

2.1.4 Withhold non-confidential information from members.

2.1.5 Deal with members, clubs or committees in a way that favors or privileges certain individuals or clubs over others except when responding to Board directives.



## **E.L. 2.2 – Treatment of Staff**

2.2 With respect to the treatment of paid and volunteer staff, the CEO must not cause or allow conditions that are unsafe, unfair, undignified, discriminatory, disorganized, or unclear.

The CEO must not:

2.2.1 Operate without sufficient, written personnel rules that are clear and readily available.

2.2.2 Fail to provide staff without an effective and unbiased method to deal with grievances.

2.2.3 Subject staff to wrongful conditions, nepotism, or preferential treatment based on personal reasons.

2.2.4 Retaliate against any staff member for non-disruptive expression of dissent, or reporting of unethical or illegal activity or behavior.

2.2.5 Allow staff to be unprepared to deal with emergency situations.

2.2.6 Fail to provide timely, candid and constructive feedback and positive reinforcement.

2.2.7 Establish compensation and benefits that are inequitable.

## **E.L. 2.3 – Financial Planning and Budgeting**

2.3 Financial planning and budgeting must not deviate materially from Board's Ends priorities, nor risk the financial health of the organization or non-compliance with policies established by the Board.

The CEO must not allow budgeting or financial planning that:

2.3.1 Risks incurring those situations or conditions described as unacceptable in Board policy.

2.3.2 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

#### **E.L. 2.4 – Financial Condition and Activities**

2.4 With respect to the actual, ongoing financial condition and activities, the CEO must not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies and funding agreement provisions.

The CEO must not:

2.4.1 Incur debt other than payables or other reasonable and customary liabilities incurred in the ordinary course of doing business, without prior Board approval.

2.4.2 Use or move any reserves unless approved by the Board.

2.4.3 Allow late payment of contracts, payroll, loans or other financial obligations.

2.4.4 Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

2.4.5 Acquire, encumber or dispose of real estate without approval of the Board.

2.4.6 Allow receivables to be unpursued after a reasonable grace period.

2.4.7 Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

## **E.L. 2.5 - Emergency CEO Succession**

2.5 In order to protect the Board from sudden loss of CEO services, the CEO must have no fewer than two other designates sufficiently familiar with Board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor.

## **E.L. 2.6 – Asset Protection**

2.6 The CEO must not cause or allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.

The CEO must not:

2.6.1 Allow Directors, staff, and the organization itself to be inadequately insured against theft, casualty, and liability losses.

2.6.2 Subject equipment or assets to improper wear and tear or insufficient maintenance.

2.6.3 Unnecessarily expose the organization, its Board or staff to claims of liability.

2.6.4 Allow purchases: (a) that are uncontrolled or subject to conflicts of interest; and (b) over \$25,000 without having obtained comparative prices, quality and value, and without a documented method of assuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.

2.6.5 Allow intellectual property, personal information and files to be exposed to loss or significant damage or otherwise be unavailable.

2.6.7 Allow inadequate security of premises and property.

2.6.8 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.

2.6.9 Compromise the independence of the Board's audit or other external monitoring or advice.

2.6.10 Hold operating capital in insecure instruments, including uninsured checking accounts, or in non-interest-bearing accounts except where necessary to facilitate ease in short-term operational transactions.

2.6.11 Endanger GVR's public image, credibility, or its ability to accomplish Ends.

2.6.12 Change GVR's name or substantially alter its identity in the community.

2.6.13 Create or purchase any subsidiary or affiliated corporation unless approved by the Board.

## **E.L. 2.7 – Compensation and Benefits**

2.7 With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO must not cause or allow jeopardy to fiscal integrity or to public image.

The CEO must not:

2.7.1 Change the CEO's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

2.7.2 Promise or imply permanent or guaranteed employment.

2.7.3 Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

2.7.4 Create obligations over a longer term than revenues can be safely projected, and in all events subject to losses in revenue.

## **E.L. 2.8 – Communication and Support to the Board**

2.8 The CEO must not cause or allow the Board to be uninformed or unsupported in its work.

The CEO must not:

2.8.1 Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

2.8.1.1 Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions/interpretations and verifiable data directly related to each section of the policy.

2.8.1.2 Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, including an indication of when compliance will be achieved, regardless of the Board's monitoring schedule.

2.8.1.3 Allow the Board to be without documentation required by the Board or let the Board be unaware of relevant trends, legal actions, media coverage, or facility utilization.

2.8.1.4 Present information in unnecessarily complex or lengthy form or in a form that fails to clarify the issue.

2.8.1.5 Let the Board be unaware if, in the CEO's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the CEO.

2.8.1.6 Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.

2.8.2 Withhold from the Board and its processes logistical and clerical assistance.

2.8.2.1 Allow the Board to be deprived of a workable, user-friendly mechanism for official Board, officer, or committee communications.

2.8.2.2 Allow the Board to be deprived of pleasant and efficient settings and arrangements for Board and committee meetings.

2.8.2.3 Delay in providing information and notice to the Board and/or members concerning Board actions, meetings, activities and events.

### **E.L. 2.9 – Ends Focus of Grants and Contracts**

2.9 The CEO must not enter into any grant or contract arrangements that fail to emphasize the production of Ends and the avoidance of unacceptable means.

## **GOVERNING POLICIES 3.0**

### **G.P. 3.0 – Global Governance Commitment**

3.0 The purpose of the Board, as representative of the members of GVR, is to see to it that Green Valley Recreation, Inc. (a) achieves appropriate results for its members at an appropriate cost as specified in Board Ends policies, and (b) avoids unacceptable actions and situations as prohibited in Board Executive Limitations policies.

### **G.P. 3.1 – Governing Style**

3.1 The Board must govern lawfully with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership rather than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) present and future, and (g) proactivity rather than reactivity.

Accordingly:

3.1.1 The Board must cultivate a sense of group responsibility. The Board, not the staff, must be responsible for proactively developing excellence in governing policy. The Board must be the initiator of policy, not merely a reactor to staff initiatives. The Board must not use the expertise of individual members to substitute for the judgment of the Board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.

3.1.2 The Board must direct, control and inspire the organization through the careful establishment of written policies.

3.1.3 The Board must enforce upon itself whatever discipline is needed to govern with excellence. Discipline must apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although

the Board can change its governance process policies at any time, it must observe those currently in force scrupulously.

3.1.4 Continual Board development must include orientation of new Directors in the Board's governance process and ongoing Board discussion of process improvement.

3.1.5 The Board must allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling Board obligations.

3.1.6 The Board must monitor and discuss the Board's process and performance at each Board meeting. Self-monitoring must include comparison of Board activity and discipline to Board policies in the Governance Process and Board Management Delegation categories.

Monitoring schedule must be inserted here.

### **G.P. 3.2 – Board Job Description**

3.2 Specific job outputs of the Board, as an informed agent and voice of the membership, are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility to create:

3.2.1 Linkage between the membership and the operational organization.

3.2.2 Written governing policies that address the broadest levels of all organizational decisions and situations.

3.2.3 Assurance of successful organizational performance on Ends and Executive Limitations.

3.2.4. Policies related to areas where the Board maintains responsibility including obtaining legal advice from an attorney on matters related to contract negotiations or interpretation, pending or contemplated litigation, personnel matters, and hearing and adjudicating member disciplinary matters.



### **G.P. 3.3 – Agenda Planning**

3.3 To accomplish its job consistent with Board policies, the Board must follow an annual agenda which (a) completes a re-exploration of Ends policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

3.3.1 The cycle must conclude each year by March 31 so that administrative planning can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.

3.3.2 The cycle must start with the Board's development of its agenda for the next year.

3.3.2.1 Consultations with selected groups in the membership, or other methods of gaining member input must be determined and arranged in the first quarter, to be held during the balance of the governance year.

3.3.2.2 Governance education, and education related to Ends determination (e.g. presentations by consultants) must be primarily arranged in the first quarter, to be held during the balance of the governance year.

3.3.3 Throughout the governance year, the Board must attend to items required by the Articles of Incorporation, Bylaws, State Statutes or other legal requirements as expeditiously as possible.

3.3.4 The Board must schedule time for monitoring compliance by the CEO with Executive Limitations and Ends policies, and for review of the policies themselves.

3.3.5 CEO remuneration or compensation must be decided after a review of monitoring reports received in the last year during the month of March.

### **G.P. 3.4 – Chief Governance Officer’s (Board President) Role**

3.4 The Board President is the Chief Governance Officer (CGO) and assures the integrity of the Board's process.

Accordingly:

3.4.1 The assigned result of the Board President’s job is to ensure that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization. Specifically,

3.4.1.1 Meeting discussion content must be on those issues which, according to Board policy, clearly belong to the Board to decide or to monitor.

3.4.1.2 Information that is for neither monitoring performance nor Board decisions must be avoided or minimized and always noted as such.

3.4.1.3 Deliberation must be fair, open, and thorough, but also timely, orderly, and kept to the point.

3.4.2 The authority of the Board President consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-Management Delegation, excluding (a) employment or termination of a CEO and (b) where the Board specifically delegates portions of this authority to others. The Board President is authorized to use any reasonable interpretation of the provisions in these policies. Specifically,

3.4.2.1 The Board President is empowered to chair Board meetings with all the commonly accepted power of that position, such as rulings according to Robert’s Rules of Order.

3.4.2.2 The Board President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the Board President has no authority to supervise or direct the CEO.

3.4.2.3 The Board President may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

3.4.2.4 The Board President may delegate this authority, although remains accountable for its use.

### **G.P. 3.5 – Board Vice President’s Role**

3.5 The Vice-President is a member of the Board whose purpose is to assist the President, as needed, with assuring the integrity of the Board processes. In the absence of the President, the Vice-President shall perform all the duties of the President.

### **G.P. 3.6 – Board Secretary’s Role**

3.6 The Board Secretary is an officer of the Board whose purpose is to ensure the integrity of the Board’s documents. Specifically,

3.6.1 The Secretary shall ensure that minutes are kept of meetings of the Membership and the Board of Directors.

3.6.2 The Secretary shall be given all notices in accordance with provisions of these policies or as required by law.

3.6.3 The Secretary shall see that all records of The Corporation are properly kept and preserved and that the names and addresses of all members of The Corporation are on file in the office of The Corporation.

3.6.4 In the absence of the Secretary, the Assistant Secretary shall perform all the duties of the Secretary.

3.6.5 The authority of the Secretary includes access to and control over all Board documents.

### **G.P. 3.7 Board Treasurer's Role**

3.7 The Treasurer is an officer of the Board whose purpose is to assist the Board with its obligations related to the Board (governance) budget and the governance of GVR finances.

3.7.1 The Treasurer advises the Board regarding compliance with E.L. policies, E.L. 2.4 Financial Condition and Activities, E.L. 2.6 Asset Protection, and E.L. 2.7 Compensation and Benefits.

3.7.2 The Treasurer ensures that the annual Board budget is prepared for Board review and decision in a timely manner.

3.7.3 The Treasurer ensures the Board has the information it needs to know that E.L. 2.3 Financial Planning/Budgeting, E.L. 2.4 Financial Condition and Activities, and E.L. 2.6 Asset Protection are adequate, relevant, necessary, and reasonably interpreted by the CEO.

3.7.4 The Treasurer ensures the Board has the information needed to make decisions pursuant to E.L. 2.6.4 regarding spending decisions over \$25,000.

3.7.5 In the absence of the Treasurer, the Assistant Treasurer shall perform all the duties of the Treasurer.

### **G.P. 3.8 – Board Members/Directors' Code of Conduct**

3.8 The Board commits itself and its directors to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Directors. Specifically,

3.8.1 Directors must have loyalty to the members, unconflicted by loyalties to other directors, staff, other organizations, or any personal interest as a consumer.

3.8.2 Directors must avoid conflict of interest with respect to their fiduciary responsibility. Specifically,

3.8.2.1 There must be no self-dealing or business by a Director with the organization. Directors must annually disclose their involvement with other organizations, GVR clubs, the GVR Foundation, vendors, or any association that may be or may reasonably appear as being a conflict.

3.8.2.2 When the Board is to decide upon an issue, about which a Director has an unavoidable conflict of interest, that Director must recuse herself or himself, without comment, from not only the vote, but also from the deliberation.

3.8.2.3 Directors must not use their Board position to obtain employment in the organization for themselves, family members, or close associates. Should a Director apply for employment within GVR, he or she must first resign from the Board.

3.8.3 Directors may not attempt to exercise individual authority over the organization. Specifically,

3.8.3.1 Directors' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.

3.8.3.2 Directors' interaction with public, press or other entities may express his/her individual opinion, but must recognize the legitimacy of any Board decision and the limitation and inability of any Director to speak for the Board except as explicitly authorized by the Board.

3.8.3.3 Except for participation in Board deliberation about whether the CEO has achieved reasonable interpretation of Board policy, Directors must not express individual judgments of performance of employees.

3.8.4 Directors must respect the confidentiality appropriate to legal or personnel issues including a) legal advice from an attorney on matters related to contract negotiations or interpretation, b) pending or contemplated litigation, c) personnel matters including CEO evaluations, and d) hearing and adjudicating member disciplinary matters.

3.8.5 Directors must be properly prepared for Board deliberation.

3.8.6 Directors must support the legitimacy and authority of Board decisions, irrespective of the Director's personal position on the issue.

### **G.P. 3.9 – Board Committee Principles**

3.9 Board committees must be assigned for reinforcing the wholeness of the Board's job. Board committees must not interfere with delegation from Board to CEO.

Accordingly:

3.9.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily must assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees normally will not have direct dealings with current staff operations.

3.9.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority must be carefully stated in order not to conflict with authority delegated to the CEO.

3.9.3 Board committees cannot exercise authority over staff. Since the CEO works for the full Board, he or she must not be required to obtain approval of a Board committee before an executive action.

3.9.4 This policy applies to any group which is formed by Board action, whether it is called a committee and regardless whether the group includes Directors. It does not apply to committees formed under the authority of the CEO.

### **G.P. 3.10 – Board Committee Structure**

3.10 A committee is a Board committee only if its existence and charge come from the Board, regardless whether Directors sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, an ad hoc committee ceases to exist as soon as its task is complete.

Accordingly, the following will be the Board standing committees:

The Fiscal Affairs Committee:

3.10.1 The Fiscal Affairs Committee assists the Board in financial matters by reviewing, understanding and recommending for Board approval financial reports, return on financial assets, money transfers and budgets. Specifically,

3.10.1.1 Review all reports on changes in physical assets and financial assets.

3.10.1.2 Review monthly and annual reports that show Board approved capital and operational budgets verses actual expenses.

3.10.1.4 Assess return on operational accounts and recommend changes if appropriate.

3.10.1.5 Review, approve, and forward to the Board requests for transfers between funds.

3.10.1.6 Review the proposed annual budget to ensure Board policy guidelines were followed.

The Board Affairs Committee:

3.10.2 The Board Affairs Committee assists the Board in the governance of organizational policies and governing documents. Specifically,

3.10.2.1 Assist the Board in effectively carrying out its governing functions in such a manner to clearly delineate the roles and responsibilities between governance and management.

3.10.2.2 Review GVR's corporate governance policies for consistency and clarity and make recommendations to the Board as needed.

3.10.2.3. Forward all proposed revisions to the Articles of Incorporation and/or Bylaws to the Board President for legal review.

3.10.2.4. Present proposed changes to the Articles of Incorporation and/or Bylaws to the Board for their review and insertion on the next ballot.

3.10.2.5. Recommend revisions to the corporate policy manual (CPM) for compliance with GVR Bylaws and Policy Governance and to clearly identify the roles of the Board and of the management.

The Planning and Evaluation Committee:

3.10.3 The Planning and Evaluation Committee assists the Board regarding decisions on capital projects by reviewing, evaluating, prioritizing, and recommending capital projects. Specifically,

3.10.3.1 Solicit club requests, review/prioritize and make annual recommendations for club projects, as well as recommend funding levels to the Board for approval.

3.10.3.2 Review other capital project opportunities with input from the administration and members, and identify, acquire cost estimates, evaluate, prioritize and present recommendations to the Board.

The Audit Committee:

3.10.4 The Audit Committee assists the Board in overseeing the financial structure and internal controls of the Corporation with access to the books and records and the activities of Management and Staff personnel. Specifically,



3.10.4.1 Oversee the organization’s internal controls, including management’s compliance with applicable policies and procedures and risk management.

3.10.4.2 Oversee the annual independent audit process, including engaging the independent auditor, receiving all reports and management letters from the auditor, and interacting with the auditing firm, Board treasurer and GVR Board.

3.10.4.3 Review the annual information returns (e.g. IRS Form 990, related schedules and forms) and recommend submission by the appropriate officer. The Audit Committee also transmits the returns to the Board for review.

3.10.4.4 Review the organization’s procedures for reporting problems. The audit committee exercises primary responsibility to review the whistle-blower policy and process, anti-fraud policies, and policy and procedures related to the discovery of errors or illegal acts, whistle-blower hotline, and other communication methods and determine the process for “special investigations” (whistle-blower allegations, anti-fraud compliance, discovery of errors or illegal acts).

3.10.4.5 Oversee the preparation and implementation of the governance policies referenced in the Form 990: conflict of interest, document retention, and whistle-blower policies.

The Nominations and Elections Committee:

3.10.5 The Nominations and Election committee assists the Board with all activities related to nomination, election, and training of directors.

Specifically,

3.10.5.1 Submitting a slate of qualified candidates to the Board.

3.10.5.2 Recommending orientation and training activities to the Board regarding pre-service training of candidates and in-service orientation and training of all directors.

The Investment Committee:

3.10.6 The Investment Committee is a committee of the Board whose responsibility is to review, understand, approve and forward to the Board the evidence that the investments are being managed in a fiscally responsible way. Specifically,

3.10.6.1 Review monthly and annual statements of investment accounts providing quarterly updates to the Board.

3.10.6.2 Review monthly reports produced by the administration on all reserves showing inflows, outflows of cash, income received and change of market value.

3.10.6.3 Monitor the administration's requests for transfers between funds and advise the Board when any transfer may create a negative financial impact.

3.10.6.4 Create and maintain the investment policy and assure the investment policy is being adhered to.

**G.P. 3.11 – Cost of Governance**

3.11 Because poor governance costs more than learning to govern well, the Board must invest in its governance capacity.

Accordingly,

3.11.1 Board skills, methods, and supports must be sufficient to assure governing with excellence. Specifically,

3.11.1.1 Training and retraining must be used liberally to orient new Directors and candidates for membership, as well as to maintain and increase existing Directors' skills and understandings.

3.11.1.2 Outside monitoring assistance must be arranged so that the Board can exercise confident control over organizational

performance. This includes, but is not limited to, fiscal audit and investment.

3.11.1.3 Outreach mechanisms must be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

3.11.2 Costs must be prudently incurred, though not at the expense of endangering the development and maintenance of the organization's ability to operate. Sufficient funds shall be budgeted each fiscal year for:

3.11.2.1 Training, including attendance at conferences and workshops.

3.11.2.2 Audit, and other third-party monitoring of organizational performance.

3.11.2.3 Surveys, focus groups, opinion analyses, and meeting costs.

## **BOARD/MANAGEMENT DELEGATION 4.0**

### **B.M.D. 4.0 – Global Board/Management Connection**

4.0 The Board's sole official connection to the operational organization, its achievements and conduct must be through a Chief Executive Officer (CEO).

### **B.M.D. 4.1 – Unity of Control**

4.1 Only officially passed motions of the Board are binding on the CEO.

Accordingly,

4.1.1 Decisions or instructions of individual Directors, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized such exercise of authority.

4.1.2 In the case of Directors or committees requesting information or assistance without Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds or is disruptive.

### **B.M.D. 4.2 – Accountability of the CEO**

4.2 The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

Accordingly,

4.2.1 The Board must never give instructions to persons who report directly or indirectly to the CEO.

4.2.2 The Board must not evaluate, either formally or informally, any staff other than the CEO.

4.2.3 The Board must view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and avoidance of Board proscribed means must be viewed as successful CEO performance.

### **B.M.D. 4.3 – Delegation to the CEO**

4.3 The Board must instruct the CEO through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly,

4.3.1 The Board must develop policies instructing the CEO to achieve specified results, for specified recipients at a specified relationship between cost and results. These policies must be developed systematically from the broadest, most general level to more defined levels, and must be called Ends policies. All issues that are not Ends issues as defined above are Means issues.

4.3.2 The Board must develop policies that limit the latitude the CEO may exercise in choosing the organizational Means. These limiting policies must describe those practices, activities, decisions and circumstances that would be unacceptable to the Board, even if they were to be effective. These policies must be developed systematically from the broadest, most general level to more defined levels; they must be called Executive Limitations policies. The Board must never prescribe organizational Means of the CEO. Specifically,

4.3.2.1 Below the global level, a single limitation at any given level does not limit the scope of any foregoing level.

4.3.2.2 Below the global level, the aggregate of limitations on a given level may embrace the scope of the foregoing level, but only if justified by the CEO to the Board's satisfaction.

4.3.3 As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the Board.

4.3.4 The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO, but if any particular delegation is in place, the Board must respect and support the CEO's choices.

#### **B.M.D. 4.4 – Monitoring the CEO**

4.4 Systematic and rigorous monitoring of CEO performance must be solely against the only expected CEO job outputs: organizational accomplishment of any reasonable interpretation of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

4.4.1 Monitoring is simply to determine if expectations expressed in Board policies have been met. Information that does not disclose this must not be considered monitoring information.

4.4.2 The Board must obtain disclosure about the CEO's interpretations of the Board policy being monitored from the CEO himself or herself.

4.4.3 The Board must obtain data disclosing whether or not the CEO's interpretations have been accomplished using one or more of three methods: (a) by internal report, in which the CEO discloses the data to the Board; (b) by external report, in which an external, disinterested third party selected by the Board collects the data; and/or (c) by direct inspection, in which data are collected by the Board, or a designated Director/s.

4.4.4 In every case, the Board must determine: (a) the reasonableness of the CEO’s interpretations, using a “reasonable person test” rather than with interpretations favored by Directors or the Board as a whole. The Board is the final arbiter of reasonableness. The Board must also assess: (b) whether data demonstrate the accomplishment of the interpretation.

4.4.5 All policies that instruct the CEO must be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but must normally use a routine schedule, as follows:

<b>Policy</b>	<b>Method</b>	<b>Frequency</b>	<b>Month(s)</b>
Ends 1.0			
E.L. 2.0 Global			
E.L. 2.1 – Treatment of Members			
E.L. 2.2 – Treatment of Staff			
E.L. 2.3 – Financial Planning and Budgeting			
E.L. 2.4 – Financial Condition			
E.L. 2.5 – Emergency CEO Succession			
E.L. 2.6. Asset Protection			
E.L. 2.7 – Compensation and Benefits			
E.L. 2.8 – Communication and Support to the Board			
E.L. 2.9 - Ends Focus of Grants			

IR = internal review, ER = external review, BDI = Board direct inspection

**B.M.D. 4.5 – Policy Violations**

4.5. The Board as a whole, rather than an individual Board member, has a responsibility to regularly monitor the performance of the CEO as outlined in the Ends and Executive Limitations policies. If there is an appearance of policy violation, even though a policy is not scheduled for monitoring, the Board may request a monitoring report. The Board may also use the occasion of a concern to re-evaluate the adequacy of its policy to address the issue raised.





GREEN VALLEY RECREATION, INC.

## Fiscal Affairs Committee

### Required transfer to Operating Fund for Emergency Reserve Projects closed during the period of April 1, 2019 - June 30, 2019

#### Overview

GVR Inc. has completed a project that was authorized by the Board of Directors to be funded from the Emergency Reserves. This project was finalized during the second quarter of 2019 and is included on page 10 of in the attached Reserve Projects 2019 report. All costs relating to this project were paid for out of GVR Operating funds.

The costs of this completed project total can be found on page 6 of the attached Reserves report and equals \$15,000 through the second quarter of 2019. This Project was authorized by the GVR Board of Directors on September 25, 2018.

#### Recommendation

The Fiscal Affairs Committee recommends that the Investment Committee authorizes and executes a transfer from the Emergency Fund to the Operating Fund for the costs of the completed Emergency projects through the second quarter of 2019. The calculation for this reimbursement can be found on page 10 of the attached report and is summarized as follows:

Actual Cost through 2 <sup>nd</sup> Quarter 2019 for completed Emergency Project	\$ 15,000
Adjustments	\$ <u>0</u>
Net Amount to be reimbursed from Emergency Fund to the Operating Fund	\$ 15,000

Approved by Fiscal Affairs Committee

\_\_\_\_\_  
Carol Crothers, Chairperson

\_\_\_\_\_  
Date

## David Webster

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**From:** Carol Crothers  
**Sent:** Friday, August 23, 2019 1:18 PM  
**To:** David Webster  
**Cc:** Kent Blumenthal; Cheryl Moose  
**Subject:** Re: Restricted Fund transfers

As chair of the FAC I electronically sign the three attached documents. These transfers were approved by the FAC on 8/22. Carol Crothers, Treasurer of GVR.

---

**From:** David Webster <DavidW@gvrec.org>  
**Sent:** Friday, August 23, 2019 1:02 PM  
**To:** Carol Crothers <ccrothers@gvrec.org>  
**Cc:** Kent Blumenthal <KBlumenthal@gvrec.org>; Cheryl Moose <cheryl@gvrec.org>  
**Subject:** Restricted Fund transfers

Hi Carol,

While the FAC did approve the three 2nd quarter transfers from MRR, Initiatives, and Emergency, it would be best if you sign the attached documents before we make the transfers. If you would sign and return the attached, I'll let Cheryl know so she can make the transfers.

Best Regards,

David Webster



GREEN VALLEY RECREATION, INC.

## Fiscal Affairs Committee

**Required transfer to Operating Fund for Initiatives Projects closed during the period of  
April 1, 2019 - June 30, 2019**

### Overview

GVR Inc. has completed a project that were authorized by the Board of Directors to be funded from the Initiatives Reserves. This project was finalized during the second quarter of 2019 and is included in the attached Reserve Projects 2019 report. All costs relating to this project were paid for out of GVR Operating funds.

The costs of this completed project can be found on page 5 of the attached Reserves report and equal \$66,379 for the second quarter of 2019. This Project was authorized by the GVR Board of Directors on September 25, 2018.

### Recommendation

The Fiscal Affairs Committee recommends that the Investment Committee authorizes and executes a transfer from the Initiatives Fund to the Operating Fund for the costs of the completed projects for the second quarter of 2019. The calculation for this reimbursement can be found on page 5 of the attached report and is summarized as follows:

Actual Cost for the 2 <sup>nd</sup> Quarter 2019 for completed Initiatives Projects	\$ 66,379
Adjustments	\$ <u>0</u>
Net Amount to be reimbursed from Initiatives Fund to the Operating Fund	\$ 66,379

Approved by Fiscal Affairs Committee

\_\_\_\_\_  
Carol Crothers, Chairperson

\_\_\_\_\_  
Date

## David Webster

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**Subject:** Re: Restricted Fund transfers

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**To:** Carol Crothers <ccrothers@gvrec.org>  
**Cc:** Kent Blumenthal <KBlumenthal@gvrec.org>; Cheryl Moose <cheryl@gvrec.org>  
**Subject:** Restricted Fund transfers

Hi Carol,

While the FAC did approve the three 2nd quarter transfers from MRR, Initiatives, and Emergency, it would be best if you sign the attached documents before we make the transfers. If you would sign and return the attached, I'll let Cheryl know so she can make the transfers.

Best Regards,

David Webster



GREEN VALLEY RECREATION, INC.

## Fiscal Affairs Committee

### Required transfer to Operating Fund for Maintenance Repair and Replace Projects closed during the period of April 1, 2019 – June 30, 2019

#### Overview

GVR Inc. has completed several projects that are included in the Maintenance Repair and Replace Reserve Study for the 2019 Fiscal year. These projects were finalized during the second quarter of 2019 and are included in the enclosed MRR Reserve Projects 2019 report. All costs relating to these projects were paid for out of GVR Operating funds.

The costs of these completed projects total can be found on pages 2 through 4 of the enclosed report and equal \$332,080 for the second quarter of 2019.

#### Recommendation

The Fiscal Affairs Committee recommends that the Investment Committee authorizes and executes a transfer from the Maintenance Repair and Replace Fund to the Operating Fund for the costs of the completed projects for the second quarter of 2019. The calculation of this reimbursement is as follows:

2 <sup>nd</sup> Quarter 2019 completed MRR Projects	<u>\$332,080</u>
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Total Amount to be reimbursed to the Operating Fund	<u>\$332,080</u>
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Approved by Fiscal Affairs Committee

\_\_\_\_\_  
Carol Crothers, Chairperson

\_\_\_\_\_  
Date

## David Webster

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**From:** Carol Crothers  
**Sent:** Friday, August 23, 2019 1:18 PM  
**To:** David Webster  
**Cc:** Kent Blumenthal; Cheryl Moose  
**Subject:** Re: Restricted Fund transfers

As chair of the FAC I electronically sign the three attached documents. These transfers were approved by the FAC on 8/22. Carol Crothers, Treasurer of GVR.

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**Sent:** Friday, August 23, 2019 1:02 PM  
**To:** Carol Crothers <ccrothers@gvrec.org>  
**Cc:** Kent Blumenthal <KBlumenthal@gvrec.org>; Cheryl Moose <cheryl@gvrec.org>  
**Subject:** Restricted Fund transfers

Hi Carol,

While the FAC did approve the three 2nd quarter transfers from MRR, Initiatives, and Emergency, it would be best if you sign the attached documents before we make the transfers. If you would sign and return the attached, I'll let Cheryl know so she can make the transfers.

Best Regards,

David Webster



GREEN VALLEY RECREATION, INC.

## Fiscal Affairs Committee

### Required transfer to Initiatives for New Member Capital Fees received during the period of April 1, 2019 - June 30, 2019

#### Overview

GVR Inc. has received New Member Capital Fees during the period of April 1, 2019 through June 30, 2019.

In accordance with Corporate Policy Manual Section II, Subsection 2, Reserve Policy F, Initiatives Reserve Fund., Item 3 Funding Source:

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

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

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

#### Recommendation

The Fiscal Affairs Committee recommends that the Board of Directors authorize and execute a transfer from the Operating Fund to the Initiatives Reserve in accordance with the Initiatives Reserve Funding Formula for the second quarter of 2019. The calculation for this reimbursement is included on page 12 of the August 2019 FAC report and is summarized as follows:

Initiatives Reserve Funding for 2 <sup>nd</sup> Quarter 2019	\$ 158,430
Adjustments	<u>\$ 0</u>
Net Amount Transferred to the Initiatives Fund from the Operating Cash	\$ 158,430

Approved by Fiscal Affairs Committee

\_\_\_\_\_  
Carol Crothers, Chairperson

\_\_\_\_\_  
Date



**EXHIBIT**

**BOARD OF DIRECTORS  
SEPTEMBER 25, 2019**

**2020 GVR CLUB CAPITAL PROJECTS**

MOTION: Approve the following 2020 GVR Club Capital Projects; funding source to be determined by Fiscal Affairs Committee.

- Bocce court replacement \$80,000
- Pickleball Center shade structures \$60,000
- Tennis Center bleachers \$ 6,000





## **EXHIBIT**

### **BOARD OF DIRECTORS SEPTEMBER 25, 2019**

#### **SELECTION OF INDEPENDENT AUDITOR**

The Audit Committee, working in conjunction with GVR management, has selected the independent accounting firm of HBL CPAs, P.C. as GVR's 2019 auditor. The firm replaces Scott Meyer, a sole proprietor CPA.

GVR has grown in size and complexity requiring a larger more diverse accounting firm with a strong practice in the not-for-profit (NFP) area. We also want a firm small enough to assure personal attention and a good working relationship with our GVR management. We believe that HBL meets our needs.

The firm was selected unanimously by the Audit Committee after receiving input from all the participants. HBL had been rated as first or second choice by every participant.

The search process began in April. The committee then reviewed information about local firms to select the four or five firms most likely to meet the needs of GVR.

Our major criteria choosing our final firms:

- 1 Meeting our timeframe
- 2 Compatibility, communication and working with with our financial department
- 3 Nonprofit experience and availability of specialized information

The interview participants were the Audit Committee (Gail Vanderhoof, Don Weaver, Ted Schultz, Pat Reynolds and Terry Vogler), GVR management (Kent Blumenthal, Cheryl Moose and David Webster) and selected other CPAs (Don Overturf and Tom Sadowski).

I want to thank everybody for all their work. Their active participation was essential in making our decision and in beginning to build a team approach between GVR management, the auditor and the Board.

I move that the Board of Directors approve HBL CPAs, P.C. as GVR's 2019 auditor and request an Engagement Letter from them for signatures of our CEO and Board President.

#### **ADDITIONAL DETAILS:**

Five firms were sent a Request for Proposal (RPF). Four submitted proposals. (One firm could not meet our time frame. Our bylaws state that the annual audit report must be presented to the membership at the annual meeting March 25, 2020.)

Our search criteria:

- A strong non profit client base in both audit and tax
- Recognized reputation in the Tucson market for expertise with NFP work
- Non profit clients in a size range where GVR would a middle size client (not one of the smallest nor one of the largest clients)
- Capable of aiding GVR Management and Board in accounting and consulting as needed
- Strong emphasis on communication with the client
- Firm size with professional and staff size in 50 to 100 range with strong skill and affiliations in professional organizations in not only accounting but NFPs.

For the quality audit expected, it was anticipated that the fee for the audit would be in \$25,000 to \$30,000 range plus \$3,500 for the tax return Form 990.

After reviewing each proposal and discussions with CPA Ted Schultz during July, interviews with each of the four firms were scheduled for the end of August.

The following were major considerations for our final selection of HBL CPAs

- Locally owned Tucson firm with 50 staff and professionals
- Technology advanced paperless office with advanced digital scanning and electronic capture of information software using a client-centric portal. This provides flexibility for both the audit firm and for our GVR financial department.
- A risk-based audit approach focusing audit emphasis to areas with higher risk potential
- The largest firm specialty is serving the NFP business segment
- Longest standing member of CPAmerica which ranks as the ninth largest global network of independent audit and advisory services firms in the world. Membership provides a vast array of resources to the firm and in turn to GVR.
- Quality audit and tax team assigned to the engagement
- Audit approach consisting of significant emphasis on understanding internal controls and the overall control environment not just substantive testing.
- Flexibility in working with GVR finance; good rapport with GVR finance
- Strong emphasis on communication with GVR management and Audit Committee
- Fees within expectations and a possible reduction in GVR Foundation fees if actual hours required are less than expected.

The fee break-down is as follows for a combined audit report:

2019		2020	2021
GVR audit	\$14,500		
GVRF audit	<u>\$ 5,500*</u>		
Total	\$20,000	\$20,800	\$21,600
GVR tax	\$ 1,700		
GVRF tax	<u>\$ 1,500*</u>		
Total	\$ 3,200	\$ 3,250	\$ 3,350
Grand Total	\$23,200	\$24,050	\$24,950

\* The fee is for a combined annual report. If GVRF requests a separate audit report, the fee for GVRF may be significantly higher.



## **EXHIBIT**

**BOARD OF DIRECTORS  
SEPTEMBER 25, 2019**

### **FACILITIES ACCESS AD HOC COMMITTEE RECOMMENDATIONS**

- 1) The Board of Directors require an ADA Compliance review be done in-house of any GVR Main or Satellite Center undergoing major renovations.
- 2) The Board of Directors require GVR staff to evaluate the areas of concern the Facility Access Committee has identified and implement solutions as needed when appropriate to increase ease of facility access for GVR members with physical limitations.



## REQUEST FOR FUNDING FROM GVR FOUNDATION

*Instructions to Applicant: Please answer each section below as thoroughly as possible. Use additional pages as needed, but please keep the total narrative to no more than five typed pages.*

*Your proposed budget should itemize the use of funds requested, when you expect to need these funds, and a total requested amount.*

*The grant funds will be expended in accordance with the attached itemized budget as funds become available and as grantee submits written requests for reimbursement with copies of invoices paid by the grantee or written requests for advance payment with supporting documentation and explanation for why advance payment is necessary.*

Grant Applicant Organization Name:

Address: City: State: Zip:

Telephone: Fax:

Email Contact: Website:

Date Organization Formed: Tax ID #

Reason for the Request (to choose more than one, hold ctrl key and choose all that apply):

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Total Grant Amount Requested:

*Please see attached for answers to questions below.*

Explain the Project in detail, including expected duration with proposed start and end dates, identity and qualifications of personnel involved, other sources of funding, and any other relevant information specific to your needs.

Explain how this project will benefit the community.

Explain your previous experience allowing you to complete the project.

Indicate your willingness to assist the Foundation with the marketing of a capital campaign.

Attach an itemized budget. If the project is to be done in various steps, like a construction project, indicate the proposed timeframe for each and the proposed financial needs at each stage.

Additional information about Applicant's history and activities related to this project may also be attached.

I will be happy to provide you with further information on any aspect of this request.

NAME Charles Sieck

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SIGNATURE

TITLE President, GVR Board of Directors DATE

Explain the Project in detail, including expected duration with proposed start and end dates, identity and qualifications of personnel involved, other sources of funding, and any other relevant information specific to your needs.

*From 2018 application:*

*The Member Assistance Program (MAP) assists Green Valley Recreation (GVR) members who are financially stressed whereby payment of annual membership dues would be a hardship. Every year the application for MAP is updated to include the annual dues amount set by the GVR Board of Directors. The MAP application is posted to the GVR website. Usually, in December two (2) free orientations are to explain the MAP application process, review required documentation needed to complete the application form, and to answer questions. Once a MAP application deadline is set, applicants submit their completed MAP application forms to GVR staff. Strict confidentiality of MAP applicants and application forms is enforced. Staff review each grant application consistent with established eligibility criteria, and determine MAP eligibility for each applicant. MAP grants are awarded based on information obtained from the completed application forms. Each MAP applicant is notified in writing whether or not they will receive a MAP grant. The number of MAP grants awarded to individuals is dependent upon available funding. Historically, MAP has provided 40 to 50 individual full-and partial grants each year. A \$20,000 grant from the GVR Foundation to MAP would ensure funding in 2019 of a comparable number of financially stressed individuals. GVR applies MAP funding directly to the successful applicant's member dues account.*

Explain how this project will benefit the community.

Explain your previous experience allowing you to complete the project.

Indicate your willingness to assist the Foundation with the marketing of a capital campaign.

Attach an itemized budget.

If the project is to be done in various steps, like a construction project, indicate the proposed timeframe for each and the proposed financial needs at each stage.

Additional information about Applicant's history and activities related to this project may also be attached.

*From 2018 application:*

*Green Valley Recreation, Inc. (GVR) has 24,000 individual members (approx.) among 13,578 member properties. Since 1995, more than 800 Member Assistance Program (MAP) grants were awarded to GVR members, providing relief when they were struggling financially. MAP recipients include widows and widowers, disabled that is, the seriously ill, and individuals living on limited financial resources. According to a 2018 survey of GVR members conducted by the National Research Center (Boulder, Colorado), 9% of all GVR members anticipate that total household income before taxes in 2018 will be less than \$25,000.*