

	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	October 30th Meeting minutes		X	X	
B	November 20th Meeting minutes		X	X	
4	Policy Governance				
A	Ownership Linkage December 12th Membership Forum	Chalmers			2:10
B	Monitoring EL 2.5 - Emergency CEO Succession	Blumenthal	X	X	2:15
C	Policy Decisions Proposed Bylaws Changes	Sieck			2:25
1	Signing of Checks		X	X	
2	Approval of Contracts		X	X	
3	Moving Planning & Evaluation Committee from Board to Operations		X	X	
4	Removal of CEO from Board		X	X	
5	Wording changes to support Policy Governance		X	X	
5	Committee Reports				
A	Nominations & Elections Committee Slate of candidates for 2020 Election	Gallegos	X	X	2:50
B	Investment Committee				
1	CPM changes	Sadowski	X	X	3:00
2	Checking Accounts for Reserve Funds	Blumenthal			3:10
6	New Business				
A	Pickleball \$50K disposition	Nichols		X	3:20
B	Authorization for Officers to sign checks	Sieck	X	X	3:30
C	Support of Member Assistance Program	Sieck	X	X	3:40
D	Request for Financial Data	Sieck	X	X	3:45
7	GVR Foundation Report GVR Week proposal	Counter	X	X	3:50
8	BMD 3.1 - Governing Style	Chalmers	X	X	3:55
9	Member Comments (limit to 2 minutes each)				3:55
10	Adjournment				4:00



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Wednesday, October 30, 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), Tom Sadowski (Assistant Treasurer), Suzan Curtin, Christine Gallegos, Denise Nichols, Gail Vanderhoof, Don Weaver, Mike Zelenak, Kent Blumenthal (non-voting)

Directors Present Electronically: Lynne Chalmers (Vice President)

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), Conal Ward (IT Technician), Payton Snider (System Administrator), Karen Miars (Administrative Assistant)

Visitors: 54 (includes additional staff)

1. Call to Order / Establish Quorum

President Sieck called the meeting to order at 2:00pm MST.
Roll call by Secretary Thornton; Quorum established.

2. Adopt Agenda

MOTION: Vanderhoof / Seconded. Adopt Agenda as presented.
Passed: unanimous

3. Consent Calendar

A. Minutes: Board of Directors September 25, 2019 Meeting

MOTION: Vanderhoof / Seconded. Approve September 25, 2019 Meeting Minutes as presented.

MOTION TO AMEND: Crothers / Seconded. Add statement that makes it clear that our CEO does not have the authority to spend this GVR grant money that was designated for restrooms. This money will pay back our Initiatives Reserve account. Any additional spending of Initiative funds must be approved by the Board.

MOTION TO TABLE: Sieck / Seconded. Table approval of September 25, 2019 Meeting Minutes to discuss further at a later meeting.

Motion to Table Passed: 7 yes / 5 no (Coon, Gallegos, Nichols, Weaver, Zelenak)

B. September Financial Statements

MOTION: Crothers / Seconded. Approve September 2019 Financial Statements as presented.
Passed: unanimous

4. President Report

Good afternoon. I want welcome everyone to the October Board of Directors meeting.

The first thing we are going to deal with is policy governance monitoring schedules. There are 2 schedules, one for monitoring the CEO and another for monitoring the Board itself. Everyone needs to remember that policy governance isn't just about making policies, it is also to monitor to ensure those policies are being followed and that those policies have the intended results. These schedules are the minimum required reporting. Additional reports may be requested by the Board at any time it feels more frequent monitoring is required.

We will not be voting on a budget at this meeting. The budget will not be available in its final form until November 5th. A special Board meeting will be called once the budget is available and the FAC has time to review it. The special Board meeting is tentatively planned to be the week before Thanksgiving. A decision on what to do relative to the budget surplus will also be addressed at that meeting.

The Board Affairs Committee will be formalizing a limitation for the number of directors on a committee. This will ensure that the membership has a majority presence on all committees.

Planning & Evaluation have a couple of things to mover forward on better utilization of space.

We will be voting on the implementation of a "Whistleblower Policy" being presented by the Audit Committee. This should have been done a long time ago and has been overlooked by the Board until now.

The Bylaws Ad Hoc Committee will update the Board on the progress in rewriting the bylaws and tentative plans to review the changes with the membership.

The Survey/Facility Access Ad Hoc will finish up with their final recommendations. I hope all the directors have read the final report and are prepared to vote on its recommendations.

The Nominations and Elections Committee will update us on the survey results from previous directors and the plans for the upcoming election.

Kent will give us an update to the Solar Gain project and the status of the construction of the new 24 court pickleball complex.

I will finish up with the start of a new 5-year strategic plan.

With that I will turn it over to our CEO, Dr. Blumenthal.

5. CEO Report

I begin this CEO Report with a special 'Shout Out' to GVR's staff team for their day-in, day-out dedicated, smart and often difficult work on behalf of our membership. Indeed, GVR staff are 'Incredibles.' Thank you, fellow staff.

The next items I will address are issues raised by Pres. Sieck in an article he authored in last Friday night's GVR eBlast and statements quoted in Sunday's local newspaper regarding budget surpluses.

President's Sieck's statements, including "*It's not clear how the money is being spent or whether it's directly benefiting members*" and "*the funds were kept out of the control of the board*" go well beyond engaging in professional disagreements. His statements are patently untrue, inflammatory, and have caused irreparable harm to me and my staff. Based on his inciting and misleading statements, several members have written to the board and the local newspaper saying spiteful and hurtful things, such as "*Everybody involved in the withholding of this information needs to face criminal charges*" and "*The people involved should be fired. It is so sad that we members have been bamboozled.*"

I will continue with what NO ONE can disagree with, not the Board President, NOT the CEO, NOT Board Directors, NOT our independent financial auditor, NOT staff and NOT our individual members: GVR is a nonprofit corporation governed by federal and state law, our Articles of Incorporation, Bylaws and by Board-approved policies published in our Corporate Policy Manual, referred to as CPM.

Why do I begin here? Because answers to all President Sieck's questions begin and end here.

- We agree that our Bylaws mandate that we maintain our financial records in accordance with generally accepted accounting standards. This means accrual accounting.
- We agree that our Bylaws mandate that our financial records shall be audited following the close of each fiscal year by an independent auditing firm.
- We agree to maintain a Reserve Study and reserve accounts for Maintenance, Repair and Replacement.
- We agree to have two additional reserve accounts for Emergency Reserves and Initiatives Reserves.
- We agree to invest reserve funds and operating funds to earn additional non-dues revenue.

The compendium of Board policies written in the CPM has powerful stuff in it. Since 2014, when GVR finally established segregated reserve accounts to help protect our estimated \$36 million corporate value, two identically-written CPM sections under the title "*Funding Source*" for the Initiatives and Emergency Reserves provides the formula by which a so-called year-end "surplus," if any, might be contributed by the Board to either or both of these reserves. This calculation is published in *CPM Section V – Fiscal/Accounting, Subsection 2-*

Reserve Policy. As of today, the calculation of the year-end surplus or deficit remains in the CPM and is straightforward:

"Excess Revenue-Over-Expenses plus Depreciation Expense less Reserve Contributions to the Maintenance, Repair & Replacement Reserve Fund."

Keep in mind that 'Revenue-Over-Expenses' has been and must be interpreted broadly to include non-reserve capital expenses and unrealized changes in investments, both of which show up on the statement of activities.

Earlier this year, the Board authorized spending money to retain the services of an independent CPA consultant to assist the Board and Fiscal Affairs Committee and help them understand some 35 financial reports produced monthly, quarterly and annually by staff. The Fiscal Affairs Committee also asked the consultant to review calculation of year-end surpluses. After much debate, the consultant came up with a calculation a bit different from current policy.

I say, "Good," as long as the calculation meets the requirements of the CPM definition. What matters is that GVR maintain adequate operating and reserve accounts to ensure sufficient funds available to serve our members, maintain our infrastructure, and pay our bills. And this is accomplished, in part, by having an adequately funded operating account. In years past, GVR maintained but one month of operating cash.

At the most recent Fiscal Affairs Committee work session with Board Directors, staff, and the accounting consultant, the consultant recommended maintaining no less than 90 days of operating monies in addition to having sufficient additional funds to pay capital expenses.

How much money does GVR need to keep in an operating account each month?

The answer is, "it depends." What may appear to some as too much, may be too little to others, and you might expect that people may respectfully disagree with each other's opinion on the matter.

But understand this: GVR is largely a seasonal business, and accounts payable for operations do not arrive at equal intervals. When you include payments due for Maintenance, Repair, and Replacement and non-reserve capital projects, each month's need for required operating account monies vary significantly.

Accounting department colleagues and I point out that Pres. Sieck's calculation of a combined budget surplus of \$1.6 million based on the accounting consultant's formula from 2016, 2017 and 2018 fails to mention the \$1.4 million deficit in 2015, also based on the accounting consultant's formula.

All of GVR's money is properly accounted for:

- GVR annual financial audits match balance sheets.
- GVR checking accounts agree with balance sheets.
- GVR investment statements match investment reports.

If you want to see where these so-called budget surpluses are accounted for, examine our monthly financial statements and independent annual audit reports, and look to our three reserve investment accounts, plus the invested operating account.

Between 2014 and 2018, **49** individual GVR members volunteered to serve on past Boards of Directors, Fiscal Affairs Committees, and Audit Committees. Their collective work with staff has proved successful in keeping our organization financially sound, out of debt, and well-positioned to address future needs. These are the people that set us on this path to financial success and well-being, following GVR Corporate and Board policies to the letter.

I challenge all assembled here to try to do better for GVR than they did. To insinuate that during all of those years these volunteers, staff, and me did wrong defies reason, and frankly, leaves staff and many members disappointed and uninspired. Collectively, these volunteer leaders have executed GVR Corporate and Board policy to the letter. They might have done less, but they could not have done more.

On a personal note, President Sieck and the faction of current Directors who follow his lead have accused me of mishandling the Pickleball Center project; inappropriately managing the Solar Gain project for my own self-interest; and hiding how funds are being spent. Every single allegation hurled against me has been proven completely untrue, and yet you continue to attack me and members of the GVR staff team without any sense of propriety. When will this stop? When will you start supporting staff to focus on Member Services where our attention belongs?

Thank you.

- 6. GVR Foundation (GVRF) Report** - GVRF President Jim Counter reported:
- The \$50,000 grant GVRF received from Freeport-McMoRan Foundation in 2018 for restroom construction at the new Pickleball Center was recently transferred by GVRF to General Contractor Division II. Division II's 'percent completed' invoice for this portion of construction was verified by WSM Architects, and included installation of a septic system, building construction, sewer system, and electrical and water lines.
 - GVRF "Thank You Reception" is this evening at 5:00pm at Canoa Hills Center. This event was funded by a grant from Greater Green Valley Community Foundation and the wine was donated by GVR members.
 - GVRF Board is establishing a fee structure to compensate the various expenses of operation with a tentative completion date of December 31, 2019.

7. Policy Governance

A. Ownership Linkage: Forums – November

Director Chalmers reported membership forums are being planned to discuss new Policy Governance Manual, its implementation, and other issues related to GVR.

B. Monitoring

CEO and Board Monitoring Reports

MOTION: Chalmers / Seconded. GVR Board of Directors to approve the addition of the two monitoring schedules (i.e., Ends/Executive Limitations and Governance Policies/Board Management Delegation) to the Policy Governance Manual, that was approved in September, with the first monitoring to occur at the January 2020 Board meeting. Passed: unanimous

C. Policy Decisions

Additional Training of Board and Staff: Director Chalmers reported Susan Mogensen, Brown Dog Consulting, scheduled the following work sessions with GVR staff and Directors:

- All day work session with GVR staff - Friday, December 6
- All day work session with Directors - Monday, December 9

8. Committee Reports

A. Fiscal Affairs – Director Crothers reported.

- Budget Status
- Financial Consultant Update

B. Board Affairs – Director Curtin reported.

- Directors on Committees

MOTION: Curtin / Seconded. GVR Board of Directors approve updates to the Corporate Policy Manual (CPM), Section VI Board / Board Committees, Subsection 4. Board Committees' Duties and Responsibilities, B. Committees of the Board of Directors, as presented.

MOTION TO AMEND: Vanderhoof / Seconded. Add to B.1. – “except for the Chairperson of the Audit Committee. The Chairperson of the Audit Committee shall be nominated by the President of the Board and the Finance Director of the Corporation. Should the President and the CFO not reach agreement, the Board will select the Chairperson by majority vote.”

Motion to Amend Passed: 8 yes / 4 no (Chalmers, Coon, Weaver, Zelenak)

MOTION TO TABLE: Weaver / Seconded. Table proposed updates to discuss further as Board becomes more versed in policy governance.

Motion to Table Passed: unanimous

- C. Planning & Evaluation – Director Nichols reported.
 - Repackaging of Club Requests – Discussion.
 - Repurpose of Desert Hills Shuffleboard
- D. Audit – Director Vanderhoof reported.
Whistleblower Policy
MOTION: Vanderhoof / Seconded. GVR Board of Directors approve the Whistleblower Policy as amended; make copies available to staff, volunteers, the Board and members; insert into employee handbook; and Board Affairs Committee determines placement in the Corporate Policy Manual (CPM). (see Exhibit)
Passed: unanimous
- E. Bylaws Ad Hoc – Director Curtin reported.
 - Survey Results
 - December Membership Forum being planned.

~~Don Weaver left the meeting.

- F. Survey / Facility Access Ad Hoc – Director Thornton reported.
Final Committee Recommendations
MOTION: Thornton / Seconded. GVR Board of Directors require an ADA Compliance review be done in-house of any GVR Main or Satellite Center undergoing major renovations, and

The Board of Directors requires 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.
Passed: unanimous
- G. Nominations & Elections – Director Gallegos reported survey results from the exit questionnaire for departing Directors. She announced four Board vacancies in the upcoming election. Candidate application submission deadline is noon on November 27, 2019.

Thanks given to GVR staff and the Committee for the 2020-2021 GVR Board of Directors Election notice with request for a paper ballot included in the Annual Dues mailing. Director Gallegos gave special recognition to committee liaison Jen Morningstar.

9. Board Project Status Reports

- A. Solar Gain Status – GVR CEO Kent Blumenthal gave the following update on Solar Energy Installations:
 1. As of yesterday, October 29, there are 5 complete and operational systems:
 - Casa Paloma II
 - Abrego South
 - West Center
 - Canoa Ranch
 - Santa Rita Springs

2. 4 solar systems have completed construction:

- Canoa Hills
- Desert Hills
- Administration Offices - Phases 1 & 2
- East Center

These 4 systems may become operational within the next two weeks, pending some outstanding electrical work that Solar Gain needs to perform.

Also, Tucson Electric Power (TEP) needs to install new "green" meters at each site and commission the systems.

3. Administration Offices – Phase I (near the West Center Tennis Ramada) was commissioned in early October; however, due to technical difficulties it is currently offline.
4. Las Campanas is nearing construction completion and is expected to achieve commissioning in mid-November.
5. The Facilities Management Building solar project is in early stages of construction. This project is expected to be completed by late November.

B. Pickleball Complex Status Update – CEO Blumenthal gave an update on the Pickleball Center – Phase I Construction:

- I am pleased to report continuing progress in construction of the 24-court GVR Pickleball Center, with work proceeding on-schedule and on-budget.
- As of October 29, all 24-pickleball courts are poured and post-tensioned to 50%.
- The special inspector and crew from Renner, the court construction subcontractor, will be onsite today (10/30) to tension the cables to 100%.
- Renner's crew showed up on October 29 (a day earlier than expected) to begin installation of court fencing.
- Farmers Water Company and Green Valley Fire District were onsite on October 29. They tested the fire hydrant and took water samples for testing, a standard procedure.
- Partial inspections have been completed for electrical underground and plumbing underground. (The next scheduled inspections will be for final inspections. We are not there yet.).
- Construction of the weir is underway.

Building Related Items

- Mechanical, plumbing and electrical construction are at 80% complete. Remaining items mostly consist of fixtures and finishes.
- Roofers are at 85% complete.
- Drywall installation is scheduled for latter part of next week.
- Measurements for window glass were completed and glass is on order.
- Tunnel gates through the center of the building are installed.

I would like to set up a tour of the Pickleball Center construction site for the Board with the Division II General Contractor and WSM Architect. Expect to receive in your email by the end of this week a Doodle questionnaire for potential site visit dates from Jen Morningstar.

10. New Business

Comprehensive 5-Year Strategic Plan – President Sieck reported.

11. Member Comments: 5

12. Adjournment

**MOTION: Sieck / Seconded. Adjourn meeting at 4:22pm MST.
Passed: unanimous**



A special meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Wednesday, November 20, 2019 at Canoa Hills, the President being in the chair and the Secretary being present.

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

Directors Present Electronically: Tom Sadowski (Assistant Treasurer), Mike Zelenak

Staff: Cheryl Moose (CFO), David Jund (Facilities Director), Kris Zubicki (Recreation Services Director), David Webster (Accounting Supervisor), Miles Waterbury (Communications Specialist), Conal Ward (IT Technician), Payton Snider (System Administrator), Jason King (IT Technician), Karen Miars (Administrative Assistant), Marie Wilbur (Office Assistant)

Visitors: 42 (includes additional staff)

1. Call to Order / Establish Quorum

President Sieck called the meeting to order at 2:00pm MST.
Roll call by Secretary Thornton; Quorum established.

2. Adopt Agenda

MOTION: Gallegos / Seconded. Adopt Agenda as amended, add Nominations & Elections Committee update.
Passed: unanimous

3. Consent Calendar

A. October Financial Statements

MOTION: Weaver / Seconded. Approve October 2019 Financial Statements as presented.
Passed: unanimous

4. Policy Governance – Director Chalmers gave an update.

- Policy Governance Board Workshop: Monday, December 9, 2019, 8:00am-4:00pm MST, Casa Paloma I.
- Policy Governance Informational Member Forum: Thursday, December 12, 2019 (time/location TBD).
- Follow-up Policy Governance Member Forum hosted by Consultant Susan Mogensen: January 2020 (date/time/location TBD).

5. 2020 Budget

MOTION: Crothers / Seconded. Adopt 2020 Budget - Summary 5, dated November 20, 2019, as presented.
Passed: unanimous

6. Reserves Transfers

MOTION: Sieck / Seconded. Approve transfers from MR&R to Operations: \$178,096 MR&R 2nd Qtr 2019 and \$194,790 MR&R 3rd Qtr 2019, totaling \$372,886.

Passed: unanimous

MOTION: Sieck / Seconded. Approve transfers from Initiatives and Emergency to Operations: \$66,379 Initiatives 2nd Qtr 2019, \$161,793 Initiatives 3rd Qtr 2019, and \$15,000 Emergency 2nd Qtr 2019, totaling \$243,172.

Passed: unanimous

MOTION: Sieck / Seconded. Approve transfers from Operations to Initiatives: \$158,430 Formula Funding 2nd Qtr 2019 and \$93,297 Formula Funding 3rd Qtr 2019, totaling \$251,727.

Passed: unanimous

MOTION: Crothers / Seconded. Transfer \$600,000 surplus from 2018 to MR&R as soon as possible.

Passed: 10 yes / 2 no (Coon, Zelenak)

7. Nominations & Elections – Director Gallegos reported:

- Over the past several weeks, the N&E Committee has encouraged GVR members in good standing to submit an application for election to the GVR Board as a Director. Notice of the nomination application has been provided to members in weekly eBlasts and in our GVRNow! newsletter.
- GVR's CPM states the N&E Committee shall "Submit a slate of qualified candidates to the Board of Directors at least one hundred and twenty (120) days prior to the Annual Meeting."
- N&E Committee selected Wednesday, November 27, 2019 at noon as the deadline to receive nomination applications, since it is the last day before the start of the Thanksgiving Day Holiday and GVR Administrative Offices are closed on November 28 and 29. Please note: November 27 date is 119 days from the Annual Meeting.
- N&E Committee will notify the Board of the slate of candidates by 4:00pm, Wednesday, November 27, 2019.
- I wanted to make sure that Directors were aware of the nomination application deadline and notification schedule.

8. GVR Foundation (GVRF) Report - GVRF President Jim Counter reported.

After meeting with GVR Board representatives, it was agreed the \$50,000 pickleball restroom grant from Freeport-McMoRan Foundation was distributed correctly by GVRF. GVRF continues to work on a fee structure for the Foundation; a Proclamation honoring the contributions of GVR staff and volunteers to be presented to the GVR Board for endorsement at the December 11 Board meeting; the selling of raffle tickets for the javelina "Tilde the Ancient One" until early April when the raffle drawing will take place; and establishing a "Donor Wall" concept to acknowledge generous Foundation donors.

9. Member Comments: 1

10. Adjournment – Meeting adjourned at 2:51pm MST.



REVISED EXHIBIT

**BOARD OF DIRECTORS MEETING
December 11, 2019**

**POLICY GOVERNANCE: MONITORING REPORT #1
EXECUTIVE LIMITATIONS POLICY
Emergency CEO Succession**

Policy E.L. – 2.5 (Emergency CEO Succession): “In order to protect the board from sudden loss of Chief Executive Officer (CEO) services, the CEO will have no fewer than two other executives sufficiently familiar with board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor.”

Interpretation

I interpret “executives” to mean senior staff at the department level and higher (according to GVR’s employee organizational chart) and I interpret “interim successor” to mean a person or persons who can fill-in as an acting CEO for up to six months until a new CEO is chosen by the board.

Compliance with this policy will be achieved when:

1. A team consisting of each department head (4/people) acknowledges receiving, reading and understanding staff’s basic operational handbook detailing administrative, financial, personnel, technological, board and marketing/communications procedures and issues.
2. One department head will serve as lead with the board-interim CEO relationship.
3. In compliance with Bylaws, at least two (2) board officers in addition to the interim CEO (department head lead) are registered as authorized check signers with GVR’s bank (TBD).
4. At least two (2) department heads who have worked with the organization for six months or longer have filled-in as Manager on Duty (MOD) while the CEO was away from the office for a period of at least one week at a time, and have subsequently indicated a willingness and ability to assist in filling-in on an interim basis (up to six months) if needed.
5. Each department head has been made aware of this policy and the CEO’s interpretations of same.

This interpretation is reasonable and based upon **generally accepted practices** as noted in the following published article and benchmark template:

- 1) Tim Wolfred, “Planning for Leadership Emergencies in Nonprofits”, *Nonprofit Quarterly*, 2/11/2014.
- 2) Monitoring Report VII: Emergency Executive Director/CEO Succession, adopted by *The Association for Institutional Research*, 10/29/2018.

Evidence:

Observable Condition	Data
1. Four (4) department heads have operational handbook.	CFO; Director of Administrative Services; Facilities Director; Recreation Director have operational handbook.
2. One (1) department head will serve as lead for board-interim CEO relationship.	Director of Administrative Services will serve as lead.
3. At least two (2) board officers have bank authorized check signing authority in addition the interim CEO (department head lead).	TBD – board president to identify officers for bank signing authority in addition to CEO.
4. Two staff members have filled-in as a Manager on Duty.	CFO Cheryl Moose (hired in 2014) has served as Manager on Duty on at least five (5) different occasions for at least two weeks total; Director of Administrative Services Jen Morningstar (hired in 2013) has served as Manager on Duty on at least (2) different occasions for at least one week.
5. Each department head is aware of this policy and interpretations.	Each department head has acknowledged receiving a copy of all board policies and all CEO interpretations (including this one) and acknowledges their willingness to serve in this capacity.

Compliance: I report compliance with this policy except #3.

Compliance with #3 will be achieved when:

- 1) Board adopts a Resolution authorizing two officers and the department head lead for board-interim CEO relationship as check signers; followed by,
- 2) Board-authorized check signers are registered with GVR’s bank as approved check signers.

Kent J. Blumenthal, Ph.D., CAE
Chief Executive Officer

Date: _____

Signing of Checks

The current GVR Bylaws state:

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 4: Responsibilities of Officers

E. Signing of Checks. All checks are to be signed by any two officers of The Corporation or by one Officer and the Chief Executive Officer.

GVR processes approximately 350 checks per month. This puts significant burden on the officers of The Corporation. The process until recently used a stamp to put the signatures on checks. This does not follow the intent of the Bylaws that requires two fiduciaries of The Corporation review each check before it is signed.

Of these 350 checks per month, 50% of them are less than \$285. These small checks only amount to 2.2% of the total check payments each month but are half the checks that need to be signed. The large volume of checks needed to be signed limits the amount of time that the documentation for each check can be reviewed. Checks are typically issued once per week.

Proposal:

Replace ARTICLE VII, Section 4, Subsection E with:

E. Signing of Checks. All checks over \$XXX are to be signed by any two officers of The Corporation or by one Officer and the Chief Executive Officer. Check less than \$XXX can be approved by the CEO with the stipulation that a log is kept for which 2 managers reviewed the checks before the CEO's signature is put on the check.

Value of \$XXX	Checks Signed per Month	Percent of Spending Approved by Officer
\$0	350	100%
\$285	175	97.8%
\$500	140	96.2%
\$1,000	102	93.0%
\$2,500	52	83.1%
\$5,000	28	74.8%
\$10,000	15	64.4%

Note: These are tentative values based on 2 months of data.

The final values will be determined once the requested data is provided.

Signing of Contracts

The GVR Bylaws currently state:

ARTICLE VI — POWERS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Section 2: Limits of Authority and Indebtedness

The Board of Directors is not authorized to enter into any contract that requires an annual payment that exceeds ten percent (10%) of the annual budget. Any contract requiring an annual payment that exceeds ten percent (10%) of the annual budget shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation.

Recent experience has shown this limitation is not clear. Annual payment be taken to mean within a 12-month period or within a calendar year. The annual budget is clearly tied to a calendar year but what is meant by a budget is not. Is it the budgeted revenue? Is it the budgeted operating expense? Does it include the capital expense?

Proposal:

Replace ARTICLE VI, Section 2 to read:

Section 2: Limits of Authority and Indebtedness

The Board of Directors is not authorized to enter into any contract that requires **a total payment within a 12-month period** that exceeds ten percent (10%) of **the total revenue from the most recently audited year. The total revenue will be taken from the most recent audit report for the most recently audited year.** Any contract requiring **a total payment within a 12 month period** that exceeds ten percent (10%) of **the total revenue from the most recently audited year** shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation.

Make Planning & Evaluation Committee report to Operations instead of the Board of Directors

The current Bylaws state:

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

Section 1: Standing Committees

The Board of Directors shall establish the following Standing Committees: Board Affairs, Fiscal Affairs, Nominations & Elections, Planning and Evaluation, and Investments. The duties of the Committees shall be as defined within the Corporate Policy Manual. The Committees shall make policy recommendations to the Board of Directors for approval.

Policy Governance calls of the function performed by the Planning and Evaluation Committee to be the responsibility of GVR Operations under the control of CEO.

The duties of committees are now documented in the Policy Governance Manual.

Proposal:

Change the Bylaws to state:

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

Section 1: Standing Committees

The Board of Directors shall establish the following Standing Committees: Board Affairs, Fiscal Affairs, Nominations & Elections, ~~Planning and Evaluation~~, and Investments. The duties of the Committees shall be as defined within the ~~Corporate Policy Manual~~ **Policy Governance Manual**. The Committees shall make policy recommendations to the Board of Directors for approval.

Removal CEO as a member of the Board of Directors

The GVR Bylaws currently state:

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 1: Positions

Elected officers of The Corporation shall be the President, Vice President, Secretary, Treasurer, Assistant Secretary and Assistant Treasurer. This sequence of officers determines their seniority. In addition, the Chief Executive Officer shall serve as an ex-officio, non-voting member of the Board.

Policy Governance is built on clear accountability. Confusion arises when the Chief Executive Officer is on the Board of Directors but also answers to the Board of Directors. It has been recommended by a external consultant that accountability is clearer if the Chief Executive Officer is not on the Board of Directors but answers to the Board of Directors.

Proposal:

Change the Bylaws to read:

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 1: Positions

Elected officers of The Corporation shall be the President, Vice President, Secretary, Treasurer, Assistant Secretary and Assistant Treasurer. This sequence of officers determines their seniority. ~~In addition, the Chief Executive Officer shall serve as an ex-officio, non-voting member of the Board.~~

Bylaws Changes to Reflect Policy Governance documentation

ARTICLE V — ELECTION OF DIRECTORS

Section 3: Election of Directors

The Board of Directors shall establish specific election procedures, include those procedures in the **Board Practices Manual** ~~Corporate Policy Manual~~, and communicate the voting procedures to all members who have the right to vote. The election of Directors shall be conducted pursuant to Article XI herein. Cumulative voting shall not apply in the election of Directors.

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 5: Responsibilities of The Chief Executive Officer

The Chief Executive Officer shall be accountable to the Board and shall serve as the Chief Operating Officer of The Corporation responsible for the management of the day-to-day operations of The Corporation. The Chief Executive Officer shall work cooperatively with the Board to ensure that the policies established by the Board are carried out effectively. The Chief Executive Officer shall not exceed the limits of authority delegated by the Board of Directors and shall ensure that operations are in conformance with the Bylaws and ~~The Corporate Policy Manual~~ **The Policy Governance Manual**.

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

Section 1: Standing Committees

The Board of Directors shall establish the following Standing Committees: Board Affairs, Fiscal Affairs, Nominations & Elections, Planning and Evaluation, and Investments. The duties of the Committees shall be as defined within ~~the Corporate Policy Manual~~ **the Policy Governance Manual**. The Committees shall make policy recommendations to the Board of Directors for approval.

Section 2: Special Committees

A. Special or Ad Hoc committees may be established by the President from time to time to assume specific, short-term responsibilities. When established, the duties and responsibilities of the committee along with a deadline for its completion of assigned tasks are to be approved by the Board.

B. Audit Committee. The Audit Committee shall occupy an oversight role of the financial structure, internal controls, etc. of The Corporation with access to the books and records and the activities of Management and Staff personnel. The Chairman, a member in good standing, shall be neither an officer of The Corporation nor a member of the Fiscal Affairs Committee. The detailed duties and responsibilities are to be included within ~~The Corporate Policy Manual~~ **Policy Governance Manual**. The financial records of The Corporation shall be audited following the close of each fiscal year by an independent auditing firm.

I move that the above changes be included the above changes be included in the ballot for the membership approval.

EXHIBIT I

INVESTMENT COMMITTEE

Section VI, Subsection 4, paragraph C of the Green Valley Recreation, Inc. Corporate Policy Manual shall be amended to add the following sub-paragraph 6:

6. Investment Committee Membership and Board, Staff, and Committee Responsibilities

a. **Membership.** The Investment Committee ("IC") shall consist of at least two Green Valley Recreation Inc. ("GVR") members in addition to the IC Chairperson. The IC Chairperson is appointed by the President of the Board of Directors ("BoD"). The IC chairperson and IC members should be knowledgeable in the investment of financial assets and, to the extent practical, experienced in investment management and/or investment oversight.

b. **Responsibilities.** The responsibilities of GVR's Chief Executive Officer and Chief Financial Officer (collectively, the "CEO/CFO"), IC, and BoD with respect to the GVR's Investment Accounts ("IAs") are delineated as follows:

i. Preamble

1. The purpose of this document is to identify the specific ownerships, responsibilities, and duties of the CEO/CFO, IC, and BoD with respect to the administration and management of GVR's IAs.

2. The IAs (as of November 2019) consist of the:

- a. Operating Cash Investments Account.
- b. Initiatives Reserve Fund.
- c. Maintenance Repair/Replace Reserve Fund.
- d. Emergency Reserve Fund.

ii. Generalized Approach to the Assignment of Duties

1. In a general sense and at the highest level, the:

- a. CEO/CFO are responsible for delivering proactive leadership and forward looking effective management of the IAs. Such leadership and management are expected to be in full alignment with the decisions made and communicated by the BoD and IC to the CEO/CFO.
- b. IC is responsible for:
 - i. Making recommendations to the BoD concerning how the IAs should be structured and managed.
 - ii. Deciding what information and analysis the IC requires in order to fulfill their duties.
- c. BoD is responsible for making decisions concerning the structure and management of the IAs. The BoD will make their decisions in alignment with the full range of overarching GVR

needs, objectives, and resource limitations.

Page 1 of 5

File: Exhibit 1- New Paragraph 6 for Section VI-Subsection 4.C

iii. Investment Committee

1. The IC has the following specific ownerships, responsibilities, and duties with respect to the IAs:
 - a. Make timely recommendations to the BoD concerning:
 - i. The hiring, termination, and replacement of the Investment Manager and/or Investment Adviser (collectively, the "IM/IA") for each of the accounts that comprise the IAs.
 - ii. The terms and wording for any contract between GVR and an IM/IA.
 - iii. The specific wording and specifications for the Investment Policy Statement ("IPS") that governs each of the accounts that comprise the IAs.
 - iv. Changes to the wording and specification of any already existing IPS.
 - b. Perform the following ongoing functions:
 - i. Complete due diligence and evaluation of each IM/IA once each year, and more frequently if required.
 - ii. Monitor the IM/IAs to confirm compliance with the applicable IPS.
 - iii. When non-compliance with the IPS is identified, issue appropriate remedial instructions to the CEO/CFO designed to eliminate said non-compliance within a time period not to exceed 60 calendar days.
 - iv. Measure and evaluate the IM/IA's actions and results, in the context of the applicable IPS, in order to determine if modifications to the relationship are warranted.
 - c. Report to the BoD if:
 - i. An IPS is in serious and meaningful violation.
 - ii. The IC is considering the possible replacement of an already existing IM/IA.
 - iii. The BoD requests an update from the IC.
 - d. Communicate to the CEO/CFO concerning:
 - i. What information and analysis the CEO/CFO will provide to the IC for the purpose of enabling the IC to perform its duties. This communication may specify format (paper or electronic and associated layout), frequency, timeliness, and delivery mechanism (in person, telephone, or live-video).
 - ii. The specific actions the CEO/CFO are required to take in order to bring an IM/IA back into compliance with its applicable IPS.
2. When executing its duties and responsibilities, the IC will consider the full range of fiduciary investment criteria. However, the IC will place special emphasis on the following six criteria (for each of the accounts that comprise the IAs):

- a. **Cost.**
- b. **Investment Time Horizon.**
- c. Probability or likelihood of loss when measured over the applicable rolling **Investment Time Horizons.**
- d. **Measures and metrics** tracked by the IC to alert the IC that modifications to an IM/IA relationship or to its associated IPS might be warranted.
- e. **Sustainability and anti-fragility** of a particular investment approach.
- f. **Continuity in investment approach over the span of years.**

iv. Chief Executive Officer and Chief Financial Officer

- 1. The CEO/CFO have the following specific ownerships, responsibilities, and duties with respect to the IAs:
 - a. Deliver proactive leadership and forward-looking effective management of the IAs.
 - b. Demonstrate initiative in their ongoing daily management of the IAs.
 - c. Faithfully execute and implement the instructions received from the IC and BoD within a timely and prudent time period.
 - d. Serve as the primary (and at times exclusive) point of contact and coordination with all IM/IAs.

v. Board of Directors

- 1. The BoD has the following specific ownerships, responsibilities, and duties with respect to the IAs:
 - a. Based, in part, upon the recommends that the BoD receives from the IC, make decisions concerning:
 - i. Who the IM/IA will be for each of the accounts that comprise the IAs.
 - ii. The terms and wording of any investment management contract between an IM/IA and GVR.
 - iii. The terms and wording of the IPS that govern each of the accounts that comprise the IAs.
 - iv. Replacement of any existing IM/IA with a new IM/IA.
 - b. Oversee the CEO/CFO to confirm that their execution and implementation of IC and BoD decisions concerning the IAs are consistent with the full range of overarching GVR's overarching needs and objectives.
 - c. Communicate to the IC the BoD's requirements and expectations concerning periodic reporting by the IC to the BoD.

c. Associated Documents (held separately from the Corporate Policy Manual)

- i. In the process of completing its duties, the IC will generate the following documents:
 - 1. An IPS for each of the accounts that comprise the IAs.
 - 2. An investment management contract for each IM/IA hired by GVR.
 - 3. Minutes of each meeting of the IC.
- ii. These associated documents will be archived by both the IC and the CEO/CFO and will not be a part of (or otherwise be included within) GVR's Corporate Policy Manual.

d. Definitions and Clarifications

- i. The following terms are used above. The following provides additional definition and/or clarifications regarding the intended meaning of these terms:
 - 1. **Cost** is defined as the direct and indirect costs (both hidden and revealed) resulting from the use of a specific investment. For example, for a daily access mutual fund these would include the internal expense ratio, trading fees, custody charges, and advisory fees.
 - 2. **Investment Time Horizon** is defined as the specific number of years or months that a portfolio will be invested before withdrawals are made from it. For example, a particular account might have a very short Investment Time Horizon such as one month. In such a circumstance, one would want to avoid investing in higher risk securities because with just a one-month investment time period, there is no opportunity to recover from market declines. In contrast, if a different account had a very long Investment Time Horizon such as twenty years, then one could consider holding riskier investments. In such a circumstance, with this long twenty-year time horizon, one could recover from significant market declines. The specific Investment Time Horizon for each of the accounts that comprise the IAs will be identified in the applicable Investment Policy Statement.
 - 3. **Sustainability and anti-fragility of a particular investment approach.** Not all investment approaches or investment instruments will survive or thrive over time. Some investments are as yet unproven or overly susceptible to failure during severe market declines. For example, a new embryonic mutual fund with just \$25 million of assets is highly susceptible to closure during a significant market decline. Similarly, new burgeoning securities such as cryptocurrencies and cannabis are as yet unproven and untested. It remains unclear as to the viability much less the durability of such niche areas of the marketplace. The IC is expected to consider issues of sustainability and anti-fragility as it decides what Investment Managers to hire and how to construct the associated Investment Policy Statements.

4. Continuity in investment approach over the span of years. Every investment management approach takes time to prove itself. Moreover, the longer the associated Investment Time Horizon, the longer the time period required for the investment approach to prove itself out. Successful investing requires that approaches to investing be given the time they require to grow, mature, and bear fruit. Moreover, by its inherent structure, the IC experiences a continuous turnover of membership. This high pace of turnover presents a potential challenge. It may make it difficult for the IC to have the required patience required to give each investment approach the time it requires to mature and bear fruit. For this reason, the IC is expected to apply particular attention to issues of continuity in investment approach across an ever-changing composition of the IC membership.

EXHIBIT 2
INVESTMENT COMMITTEE

SECTION VI - BOARD/BOARD COMMITTEES

Section VI was approved by the GVR Board of Directors January 28, 2014; except as amended **SUBSECTION 1.**

POWERS, DUTIES, AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS SUBSECTION 2. BOARD OFFICERS:

NOMINATIONS AND ELECTIONS

SUBSECTION 3. BOARD MEETINGS updated 5/24/2016

SUBSECTION 4. BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES

C. Duties and Responsibilities of Board Committees

2. Fiscal Affairs Committee

b. Responsibilities:

1. Review and assist in presenting the annual budgets to the Board. Such review will consist of recommending Reserve, the disposition of the Revenue/Expense Adjustment, and the amount of the Capital Fund Cash Account.
2. Monitor progress toward achievement of annual fiscal objectives.
3. Review financial statements (operations, capital analysis and balance sheet), and report to the Board, as appropriate.
4. Coordinate with the GVR Audit Committee
5. Review and recommend policy to assure financial control.
- ~~6. Review and recommend guidelines for corporate investment policy.~~
7. Recommend the establishment and the amount of tenant fees, membership dues, initial fees, transfer fees, and assessments.
8. 7. Recommend the financing method to be adopted for specific major projects recommended by the Planning and Evaluation Committee for Board approval.

9 8. Coordinate with the Planning and Evaluation Committee as it relates to proposed expenditures for capital improvements.

EXHIBIT 3

Investment Committee

Corporate Policy Manual
Appendix 1, Subsection 3

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 benchmark 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 CVR 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

EXHIBIT A

INVESTMENT COMMITTEE

Recommendation:

Add a new paragraph 5 - Investment Parameters as shown below to CPM Section V - Fiscal/Account, Subsection 2 - Reserve Policy, paragraph F- Initiatives Reserve Fund.

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

1. Purpose:

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

2. Target Balance:

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

3. Funding Source:

At the close of each fiscal year, the Board of Directors shall determine the amount, if any, to contribute from excess Revenue-Over-Expenses plus Depreciation Expense less Reserve Contributions to the Maintenance, Repair & Replacement Reserve Fund. In determining such amount, the Board of Directors shall first repay any withdrawals from this fund and second an amount, if any, towards its target balance of not less than \$500,000.

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

4. Authorization:

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

5. Investment Parameters: Monies contributed to this fund shall be invested in accordance with GVR's Investment Policy Statement.

Authorization to Sign Checks

Currently the GVR CEO, Dr. Kent Blumenthal, and the CFO, Cheryl Moose, are authorized with the Chase Bank to sign checks. Cheryl Moose is on the account of administrative purposes and does not sign checks. CEO, Dr. Blumenthal, is the only person who is authorized to sign a check based on the Bylaws and Chase Bank authorization.

If situations arises that Dr. Blumenthal is not available, GVR cannot issue checks.

The Chase Bank can add directors to the account with a motion of the Board. The bank also requires that the directors also be registered with the Arizona Corporation Commission. Changes have been submitted to the Arizona Corporation Commission to add all Board officers to the GVR's registration with the Arizona Corporation Commission.

I move that President Sieck, Vice President Chalmers, Secretary Thornton, and Treasurer Crothers be added for approval to sign checks at Chase Bank.

Approved:

Date:

Financial Support for the GVR Member Assistance Program

Part of the strategy in approving the SpotRX agreement was that part of the revenue would be donated to the GVR Foundation for the Member Assistance Program. Concerns relative to legal constraints prevented the Board from approving the transfer of funds at that time.

The Board of Directors has received a very clear legal opinion that GVR can donate to the GVR Foundation for the Member Assistance Program.

The 2020 budget approved at the November 20th, 2019 Board meeting included \$25,000 for support of the Member Assistance Program through the GVR Foundation.

I move that \$25,000 be donated to the GVR Foundation during the first week of January 2020, for the purposes of supporting the Member Assistance Program.

Whereas the CEO provided the Board with a 2,755 page PDF file of checks issued between April 1st, 2018 and November 30th, 2019 that contained \$588,784 in credit card expenses on 27 separate credit cards; and

Whereas the CEO has refused to provide a list of who the 27 separate credit cards have been issued to.

I move that the CEO be instructed to provide a list of the 27 individuals who have been issued a corporate credit card and the correspond number for each card before Friday, December 12th.

Whereas the CEO provided the Board with a 2,755 page PDF file of checks issued between April 1st, 2018 and November 30th; and

Whereas the PDF file only lends itself to manual review of the data contained in it.

I move that the CEO provide the requested data for checks issued between April 1st, 2018 and November 30th, in an Excel spreadsheet containing one row per check using a format documented in emails to the CEO, before December 18th.

Whereas the value of fixed assets has decreased from \$17,628,077 to \$16,798,931 from January 1st, 2014 to October 31st, 2019; and

Whereas GVR spent a total of \$7,123,952 in capital purchases for that same period time; and

Whereas GVR fixed assets depreciated by a total of \$7,953,099 for that same period of time; and

Whereas there have been significant capital purchases on a new maintenance facility and the administrative offices, both of which only benefit members indirectly.

I move that the CEO provide a summary of total capital spent on each facility by year and the corresponding depreciation on each facility by year, before December 24th.

GREEN VALLEY RECREATION WEEK PROCLAMATION

WHEREAS, Green Valley Recreation, Inc. (GVR) membership constitutes 80% of all residents of Green Valley, Arizona and contributes to the quality of life of the Green Valley community, Pima County and Southern Arizona beyond GVR's membership through diverse recreational, sports, cultural and entertainment programs; and

WHEREAS, GVR supports the Southern Arizona Senior Games which attracts approximately 1,000 participants annually by providing extensive recreation and sports facilities along with volunteers and staff; and

WHEREAS GVR supports the annual Southern Arizona CultureFest celebration, co-hosted by the GVR Foundation and Greater Green Valley Community Foundation by providing performing arts facilities, volunteers and staff; and

WHEREAS GVR offers more than 1,000 leisure education classes annually for community residents and members that engage individuals in stimulating life-long learning; and

WHEREAS GVR provides thousands of community members and guests opportunities to participate in concerts and lecture series; and

WHEREAS GVR in conjunction with the GVR Foundation, provides I-19 highway cleanup initiatives through ADOT's Adopt-a-Highway program; and

WHEREAS GVR offers first-aid and CPR training monthly at no-cost to community residents and members; and,

WHEREAS GVR supports an annual health fair for community residents and members that promotes ideal living through healthy practices by providing facilities along with volunteers and staff; and

WHEREAS Green Valley Recreation, Inc. is a major economic development and tourism contributor to Green Valley and Pima County, Arizona, being recognized as one of the top places to retire in the U.S. by many reputable sources.

WHEREAS the competent, dedicated GVR staff and volunteers consistently strives to meet member needs through exceptional customer service and programs.

BE IT HEREBY RESOLVED that the week of January 26-February 1, 2020 shall be recognized in Pima County and Southern Arizona as the first annual celebration of "Green Valley Recreation Week."

Adopted by the GVR Foundation Board of Directors

Thursday, November 14, 2019


GVR Foundation Board President