



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Wednesday, January 29, 2020 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, Gail Vanderhoof, Don Weaver, Mike Zelenak, Kent Blumenthal (non-voting)

**Directors Absent:** Lynne Chalmers (Vice President), 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), Payton Snider (System Administrator), Conal Ward (IT Technician), Karen Miars (Administrative Assistant), Marie Wilbur (Office Assistant)

**Visitors:** 87 (includes additional staff)

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

President Sieck called the meeting to order at 2:01pm MST.  
Roll call by Secretary Thornton; Quorum established.

**2. Adopt Agenda**

**MOTION: Crothers / Seconded. Adopt Agenda as amended, no report to be given on B.M.D. 3.1 – Governing Style, and President Sieck to report in Director Chalmers’ absence.**

**Passed: unanimous**

**3. Consent Calendar**

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

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

**Passed: unanimous**

B. Minutes: Board of Directors December 11, 2019 Meeting

**MOTION: Vanderhoof / Seconded. Approve December 11, 2019 Meeting Minutes as presented.**

**Passed: unanimous**

C. November Financial Report

**MOTION: Crothers / Seconded. Approve November 2019 Financial Statements as presented.**

**Passed: unanimous**

#### 4. Policy Governance

A. Ownership Linkage: Jan. 30 Membership Forum – President Sieck gave the update.

##### B. Monitoring

1. B.M.D. 4.1 - Unity of Control

**MOTION: Sieck / Seconded. GVR Board of Directors accept the monitoring report on B.M.D 4.1 - Unity of Control from the Policy Governance Manual. [see Exhibit]**

**Passed: 8 yes / 1 no (Weaver) / 1 abstain (Gallegos)**

2. B.M.D. 4.2 - Accountability of the CEO

**MOTION: Sieck / Seconded. GVR Board of Directors accept the evaluation for B.M.D. 4.2 - Accountability of the CEO from the Policy Governance Manual. [see Exhibit]**

**Passed: unanimous**

##### C. Policy Decisions

1. CPM issue relative to campaigning

**MOTION: Sadowski / Seconded. GVR Board of Directors approve the Legal Opinion relative to the Corporate Policy Manual issue on campaigning be released to the membership as soon as possible.**

**Passed: unanimous**

**MOTION: Coon / Seconded. GVR Board of Directors recommend to the Nominations & Elections Committee (N&E) to schedule additional member candidate forums. N&E will determine the schedule.**

**Passed: unanimous**

**MOTION: Sadowski / Seconded. GVR Board directed GVR CEO to cancel all meetings currently scheduled in GVR meeting rooms for GVR political purposes not under the auspices of the Nominations & Elections Committee, until such time as the Corporate Policy Manual (CPM) is changed.**

**Passed: 6 yes / 3 no (Gallegos, Weaver, Zelenak) / 1 abstain (Coon)**

2. CPM update on surplus/deficit calculation

3. CPM update on timing of transfers

**MOTION: Crothers / Seconded. GVR Board of Directors adopt two changes to the Corporate Policy Manual (CPM):**

- **Section V. Fiscal/Accounting, Subsection 2. Reserve Policy, D. Emergency Reserve Fund: document Susan Vos' recommendation for calculating Surplus/Deficit; and**
- **Section V. Fiscal/Accounting, Subsection 2. Reserve Policy, F. Initiatives Reserve Fund: transfer previously defined Initiatives Funding from Property Acquisition Capital Fees**

**(PACF) and Initial Fees within 10 business days after the end of the month rather than quarterly. [see Exhibit]  
Passed: 6 yes / 4 no (Coon, Gallegos, Weaver, Zelenak)**

4. CPM change "they" to "commercial vendors"  
**MOTION: Curtin / Seconded. GVR Board of Directors approve Corporate Policy Manual (CPM) change:**

**CORPORATE POLICY MANUAL  
SECTION VIII – GVR PROGRAMS/CLUBS  
SUBSECTION 2. GVR CLUBS**

**C. INSURANCE**

- 1. GVR shall provide liability insurance for all GVR clubs and club activities sanctioned by GVR.**
- 2. Club Directors and officers (D&O) insurance is not provided by GVR. Clubs desiring this coverage need to contact a commercial insurance broker. If purchased, a copy of the Binder shall be provided to the GVR Club Liaison.**
- 3. When a club holds an Arts and Crafts Fair, festival, or any large event open to the general public, **they commercial vendors** must list GVR as an Additional Insured when completing the application for the Special Events Liability insurance policy.**
- 4. GVR is responsible for insurance coverage and personal property taxes on GVR owned property only. It shall be the responsibility of each club to obtain necessary insurance on any equipment not owned by GVR, but located on GVR property, e.g., music instruments, computers, radios.**

**Passed: unanimous**

5. CPM change add word "permanent" – This item withdrawn.
6. Reorganization of CPM content to Policy Governance documents  
**MOTION: Sieck / Seconded. I move that the existing CPM content be separated into 4 new documents:**

**The first new document will be controlled by the CEO/Operations and will be titled GVR Operations/Customers Manual. It will contain content from the CPM that is related to operations, customers of GVR, and how our facilities are used.**

**The second new document will be titled the GVR Owners/ Membership Manual and will be controlled by the Board through the Board Affairs Committee. It will contain content from the CPM that is related to ownership of GVR properties and rights and responsibilities of the membership.**

**The third new document will be titled GVR Board Practices Manual and will be controlled directly by the Board. This manual**

**contains detailed Board practices that are in the current CPM but not specifically called out in detail in the Policy Governance Manual.**

**The fourth new document will be titled GVR Board Archive and will contain the history of motions passed by the Board. The CEO/Operations will continue to maintain this archive.**

**The CEO will assemble these sections into the new GVR Operations/Customers Manual by the February 26, 2020 Board meeting. Any changes made to the current CPM content and all future changes to the GVR Operations/Customers Manual must be announced to the Board and the membership 30 days prior to the effective date of these changes.**

**The Board Affairs Committee will assemble the content of the GVR Owners/Membership Manual for approval at the February 26, 2020 Board meeting.**

**The President will appoint an Ad Hoc Committee to assemble the appropriate CPM content into the GVR Board Practices Manual for approval at the February 26, 2020 Board meeting.**

**Any changes made to the current CPM content that is being transitioned to the GVR Owners/Membership Manual or the GVR Board Practices Manual and all future changes to these manuals must be approved by the Board.**

**Note that changes to these documents include any insertions, deletions, updates, or modifications to the documents.**

**Passed: 7 yes / 3 no (Coon, Gallegos, Zelenak)**

**5. Committee Reports**

A. Nominations & Elections Committee - Director Gallegos reported.

B. Board Affairs - GVR Cycling Club Approval

**MOTION: Curtin / Seconded. GVR Board of Directors grant Club status to the proposed GVR Cycling Club.**

**Passed: 8 yes / 2 abstain (Crothers, Sieck)**

**6. New Business**

A. Election Record Date (February 3, 2020)

**MOTION: Sadowski / Seconded. GVR Board of Directors set the record date for the 2020 annual election as February 3, 2020.**

**Members who are not in good standing as of 4:00pm (MST) on February 3, 2020 will not be eligible to vote in the 2020 election.**

**Passed: unanimous**

B. Internal Audit Proposal

**MOTION: Sadowski / Seconded. GVR Board of Directors approve the GVR Audit Committee in conjunction with its annual financial**

**audit engagement, review GVR's existing internal control policies and procedures. Additionally, if improvements can be made, the selected vendor will review GVR's existing policies and make recommendations to the Board for changing these policies. Finally, the selected vendor will conduct a review of transactions processed in calendar years 2018 and 2019 to determine if invoices were reasonable, appropriate, and were properly approved.  
Passed: unanimous**

C. GVR Yard Sale Proceeds

**MOTION: Vanderhoof / Seconded. GVR Board of Directors approve to donate any GVR Yard Sale proceeds to GVR Member Assistance Program (MAP).**

**Passed: unanimous**

D. Administrative Offices Construction

**MOTION: Weaver / Seconded. GVR Board of Directors approve \$35,000 to complete tenant improvements in the former Facilities area at the Administrative Offices from the Repurpose Board-authorized FY2020 "Non-Reserve Capital" projects funding.**

**Failed: 5 yes (Coon, Gallegos, Thornton, Weaver, Zelenak) / 5 no**

E. Equipment Storage Room

~~Suzan Curtin left the meeting.

**MOTION: Sieck / Seconded. GVR Board of Directors authorize Planning & Evaluation Committee to decide the usage of a small storage facility located behind the shuffleboard courts at West Center.**

**Passed: unanimous**

7. **GVR Foundation Report** - GVRF President Jim Counter reported they have a new 3% fee structure effective February 1, 2020 on all new money coming into the Foundation. Green Valley Recreation Week in progress, endorsed by many Green Valley organizations, including GVR Board. GVR Staff Appreciation Lunch on January 30, sponsored by Longhorn Grill. Senior Games planning underway. Planning of a Donor Wall to honor GVRF donors is in progress. Javelina fundraiser is doing well. Final amount of 2020 MAP funding will be \$35,000-\$50,000 depending on donations from individual donors. GVRF working with Pima County to plan a shade ramada at Canoa Hills Trails Park. Working with outside consultants to revive/improve RetireArizona.org website. A 5-year strategic planning session scheduled in early March.
8. **BMD 3.1 – Governing Style** – No report.
9. **Member Comments:** 2
10. **Adjournment**  
**MOTION: Sieck / Seconded. Adjourn meeting at 4:27pm MST.**  
**Passed: unanimous**

#### 4. Policy Governance / B. Monitoring / 1. B.M.D. 4.1 – Unity of Control

Policy	Examples of Acting Consistently with This Policy	Examples of Acting Inconsistently with This Policy
B.M.D. 4.1 – Unity of Control		
4.1 Only officially passed motions of the Board are binding on the CEO.		
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.		Director gets upset by CEO decision to not do what an individual director requests.
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.	The CEO respectfully declines a request from an individual director.	

#### 4. Policy Governance / B. Monitoring / 2. B.M.D. 4.2 – Accountability of the CEO

Policy	Examples of Acting Consistently with This Policy	Examples of Acting Inconsistently with This Policy
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.		
4.2.1 The Board must never give instructions to persons who report directly or indirectly to the CEO.	Instructions for the staff are sent to the CEO who reacts accordingly.	Committee liaisons are sometimes directed by committee chairmen
4.2.2 The Board must not evaluate, either formally or informally, any staff other than the CEO.		A director tells an employee that he did a good job.
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.	Board evaluates CEO performance on attaining ends and monitoring reports.	Activities, instead of results, are cited as accomplishments.

## **Motion to adopt CPM changes recommended by the FAC:**

The FAC recommends two changes to the section of the CPM that deals with our Reserve Policy. The first is to document the Susan Vos recommendation for calculating Surplus/Deficit and the second is to transfer the previously defined Initiatives Funding from Property Acquisition Capital Fees (PACF) and Initial Fees within 10 business days after the end of the month rather than quarterly.

### **I move that the board adopt the following CPM changes:**

#### SUBSECTION 2 - RESERVE POLICY - updated 10/25/2016

##### A. Overview

Green Valley Recreation, Inc. (GVR) maintains three (3) financial reserve funds to ensure its long term solvency and sustainability as part of the Corporation's Financial Planning Principles. For each reserve fund, the following information describes the purpose, desired target range, funding source, authorization and investment parameters. In executing its oversight role, the GVR Board of Directors may elect to revise these factors over time, as needs of the Corporation evolve and as opportunities and investment markets may suggest.

##### B. Reserve Study Policy

##### C. Maintenance of GVR Financial Reserve System

###### 1. Definitions:

###### 2. Reserve Contributions and the Annual Budget:

Reserve Contributions to the Reserve Accounts shall be an integral part of the annual budget.

The annual operating budget shall generate sufficient Excess Revenue-Over-Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Reserve Fund called for in the Annual Reserve Study unless such Reserve Contribution generates a Percent Funded greater than 100% in which case the Reserve Contribution may be reduced to achieve a Percent Funded not less than 85%.

Reserve Contributions to the Initiatives Reserve Fund shall be funded from a portion of the Property Acquisition Capital Fee and/or from the Initial Fee based on the applicable fee when a GVR member property is sold.

Contributions to the Emergency Reserve Fund shall be recommended by the Chief Financial Officer (CFO) to the Board for consideration and approval.

###### 3. Paying from reserve accounts or reimbursing operating cash account for reserve expenditures:

###### 4. Priority of making contributions to Reserve Accounts:

GVR shall make contributions to Reserve Accounts in this order of priority:

- a. Maintenance, Repair and Replacement Reserve Fund
- b. Initiatives Reserve Fund
- c. Emergency Reserve Fund.

###### 5. Rebalancing Reserve Accounts

D. Emergency Reserve Fund (previously the Operating Reserve Fund)

4. Funding Source:

At the close of each fiscal year, the Board of Directors shall determine the amount, if any, to contribute from operational surpluses.

Operational Surplus or Deficit is calculated as follows: using the Audit Report (GAAP) as Net Changes in Net Assets without donor restrictions less unrealized gains/losses, plus Depreciation expense, less Purchases of Capital Assets before accumulated Depreciation, plus transfers from Reserves to Operation, less realized investment income relating to Reserve Accounts, and less Reserve Accounts (MRR, IR, ER) Funding during the year.

Withdrawals from this reserve shall be repaid from operations as determined by the Board of Directors but not to exceed five (5) fiscal years.

F. Initiatives Reserve Fund (previously Initiatives & Innovations Reserve Fund) UPDATED (2/26/2019)

1. Purpose:

The fund shall be used to support new initiatives that contribute to meeting GVR Ends.

2. Target Balance:

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

3. Funding Source:

Within 10 business after the end of each month 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 Property Acquisition Capital Fee (PACE) assessed on each GVR member property sold rounded up to the next \$5.00 and
- b. Twenty-five percent (25%) of the Initial Fee assessed on each GVR member property sold rounded up to the next \$5.00.

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

4. Authorization:

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