



MINUTES

BOARD OF DIRECTORS REGULAR MEETING

Wednesday, September 22, 2021

West Center Auditorium / Zoom

Directors Present: Mike Zelenak (President), Nina Campfield (Vice President), Ted Boyett (Secretary), Donna Coon (Treasurer), Mark McIntosh (Assistant Secretary), Randy Howard (Assistant Treasurer), Kathi Bachelor, Carol Crothers, *Christine Gallegos, Connie Griffin, Bart Hillyer, Bev Lawless, Scott Somers (non-voting)

Staff Present: David Jund (Facilities Director), Nanci Moyo (Administrative Supervisor), David Webster (CFO), Natalie Whitman (Communications Manager), Karen Miars (Administrative Assistant)

Visitors: 54

1. Call to Order / Roll Call – Establish Quorum

The President being in the chair and the Secretary being present.

President Zelenak called the meeting to order at 2:00pm MST. Secretary Boyett called the roll; quorum established.

2. Adopt Agenda

MOTION: Director Campfield moved, seconded to adopt the Agenda as presented.

Passed: unanimous

3. CEO Report

- East Center Pool RFP (Request for Proposals) deadline has been extended to October 4, 2021, due to lack of proposals.
- Abrego South Pool, Spa, and Locker Rooms closed Monday, September 20 to resurface the pool deck and scheduled to reopen on Friday, October 8, 2021.
- Canoa Hills Center closed from 8:00am-12:00pm today for backflow repairs.
- Pool Flicks at Desert Hills coming back for the fall with Beetlejuice on Tuesday, September 28 at 6:00pm as the first movie.

4. Consent Agenda

Director Coon asked to remove 4.B. Financial Statements: August 2021, from the Consent Agenda. An error was found and corrected on the August financials, but will need to be approved by the Fiscal Affairs Committee (FAC) at their next meeting. The August financials will come to the Board for approval in October.

MOTION: Director Bachelor moved, seconded to approve the Consent Agenda as presented:

- **Board of Directors Work Session Minutes: August 25, 2021**
- ~~**Board of Directors Regular Meeting Minutes: August 25, 2021**~~

*Christine Gallegos joined the meeting.

Discussion. The minutes of the August 25 Board Meeting were also removed from the Consent Agenda, as there was a question regarding Motion 5.B. Staff will review the video from the meeting, and the minutes will be on the October 27 agenda for approval.

Motion Passed: 11 yes / 1 abstain (Griffin)

5. New Business

A. Corporate Policy Manual (CPM) Amendments: Facility Use

Director Griffin proposed an amendment to the CPM Section IV. Facility Use, Subsection 1. General Facilities Rules and Regulations, paragraph L. This amendment was reviewed by legal counsel and approved by the Board Affairs Committee (BAC).

MOTION: Director Griffin moved, seconded to update the CPM by changing Section IV.1.L. to read: GVR facilities will not be used by any member for commercial purposes with the following exceptions: (1) with the prior written approval of GVR administration, a GVR member may temporarily display items for sale at a particular facility if they are intended to assist or benefit those using that facility to participate in the associated/related activity; and (2) personal sales resulting from hobby pursuits. It is the responsibility of each individual seller to obtain an Arizona Transaction Privilege Tax License.

Passed: unanimous

B. CPM Amendments: New Operating Cash Policy

Fiscal Affairs Committee (FAC) Chair Donna Coon gave background information on the proposed new subsection to be added to Section V. Fiscal/Accounting, as Subsection 3. Operating Cash Policy. This policy was approved for inclusion by the BAC; reviewed by legal counsel making several grammatical changes; and re-approved by the FAC and the BAC.

MOTION: Director Coon moved, seconded to approve the Operating Cash Policy as written per the attachment and approve including it in the CPM as Section V. Fiscal/Accounting, Subsection 3. Operating Cash Policy. This policy now contains an update to the formula approved at the Board of Directors Meeting on August 25, 2021.

Passed: unanimous

C. Quarterly Financial Presentation

CFO David Webster presented the new Board of Directors Quarterly Financial Report. This report provides a high-level, comprehensive total budget review for

GVR. It continues to use the accrual method of accounting and gives the Board a comparison to budget on a quarterly basis. The report will be posted on the website. Discussion.

6. Committee Reports

- A. Audit – Committee Chair Griffin reported (received and placed on file).
- B. Board Affairs – Committee Chair Campfield reported (received and placed on file).
- C. Fiscal Affairs – Committee Chair Coon reported (received and placed on file).
- D. Investments – Committee Chair Lawless reported (received and placed on file).
- E. Nominations & Elections – Committee Chair McIntosh reported (received and placed on file).
- F. Planning & Evaluation – Committee Chair Boyett reported (received and placed on file).

7. Member Comments - 7

8. Adjournment

MOTION: Director Crothers moved, seconded to adjourn the meeting at 3:56pm MST.

Passed: unanimous

SECTION V – FISCAL/ACCOUNTING

SUBSECTION 1. FISCAL POLICY – GENERAL

SUBSECTION 2 - RESERVE POLICY – updated 01/29/2020

SUBSECTION 3 – OPERATING CASH POLICY

A. Overview

Green Valley Recreation, INC (GVR) maintains two operating cash accounts to ensure access to working capital needed to fund the day-to-day operations of GVR. This includes board approved transfers to reserve funds as described in Section V, Subsection 2. The following information describes the purpose, methodology to determine level of cash needed during the year, and monitoring responsibility for these cash funds.

B. Purpose

To be fiscally responsible and implement best practices related to cash management, the cash management policy must:

1. Allow for easy accessibility of funds to meet the working capital needs of GVR.
2. Recognize the seasonality of the income flow.
3. Be consistent with the Investment Policy established for that account.

C. Description of Cash Accounts

1. Operating Cash Bank Account

- a. Consists of all deposits at a local bank, including, but not limited to annual membership dues, Property Acquisition Capital Fee (PACF), tenant fees, and program revenue.
- b. All checks are written on this account for operating expenses.
- c. Withdrawals are also done for the transfer of board approved amounts to each reserve fund as described in Section V, Subsection 2.

2. Operating Cash Investment Account

- a. This is the holding account maintained by the investment manager that is selected and approved by the Board. These funds are invested pursuant to the Investment Policy in Appendix I, Subsection 3.
- b. Staff is authorized to transfer funds between this account and the operating cash bank to meet daily expenses as necessary.
- c. Due to fluctuations in cash needs this account may be 'rebalanced' periodically to allow excess cash to be moved to an appropriate reserve account.

D. Operating Cash Policy

- 1. Methodology for Determining Level of Total Cash Required:** GVR's approved operating budget requires following the steps as described below in determining the annual cash needs of the organization.

Chart 1 - Total Annual Cash Required to Fund GVR For Fiscal Year

Steps	Description	Example (Cy 2021)
1.	Use the Total Expense Budget approved by the Board	\$11,196,453
2.	Subtract Non-Cash Depreciation	(1,810,173)
3.	Subtract Expenses paid by Maintenance, Repair and Reserve (MRR-A)	(259,034)
4.	Add NonReserve Capital Purchases	205,000
5.	Subtract Reserve Fund Investment Fees	(82,792)
6.	Add back the Reserve funding revenues approved to be transferred to respective reserve accounts	
	a. Maintenance Repair and Replacement (Part A)	1,048,192
	b. Maintenance Repair and Replacement (Part B)	169,553
	c. Initiatives Reserve	507,315
7.	Total Annual Cash Required to Fund GVR for the Fiscal Year	\$10,974,514

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- 2. Determination of number of days of average cash on hand required:** GVR follows the best practices guideline that recommend a minimum cash balance, at the lowest point during the year, of 90 days of the annual expenses ("90 Day Guideline").

- Prior to calculating the 90 Day Guideline, GVR will subtract the one-time annual revenue transfer made to the MMR-A Reserve Fund in January of each year. This allows GVR to maximize investment returns to the MMR-A fund.
- The required cash will be divided by 365 days to determine the Average Daily Cash Required. This amount will be multiplied by 90 days to determine the 90 Day Guideline.
- This calculation will be made after the Board's approval of the budget for the following year.

Chart 2 - Total Cash Required to fund GVR for 90 Days

Steps	Description	Example (Cy 2021)
1.	Use Total Cash Required for fiscal year from Step 7 in Chart 1	\$10,974,514
2.	Subtract cash transfer to MRR Part A, in January	(1,048,192)
3.	Add Step 1 and 2 for Total Cash Required	9,926,322
4.	Days per Year	365
5.	Divide to get the Daily Average Cash Required	27,195
6.	Multiply by 90 days as best practice minimum days	90
7.	Total Cash Required to fund GVR for 90 Days	\$2,447,586

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3. Description and On-Going Monitoring of Cash Cycle:

1. GVR receives the majority of its revenues from member dues in Dec/January of each year with other revenue streams budgeted on a monthly basis. Some expenses are budgeted on an equal monthly basis; however, those that are seasonal, such as member activities and facility maintenance expenses are budgeted as close to expected timing of expense. As actual expenses are reported each month and reflected in the monthly financial statements, staff may adjust the projected expense for the remaining months to account for any timing issues related to the actual expenses. Because of this seasonality of the collection of revenues and projected monthly expenses, the chart below reflects the uneven nature of cash balances at the end of each month. The cash balances are gradually spent down each month with the 90 Day Guideline projected in November of each year. GVR also subtracts the amount of the Property Assessment Capital Fund (PACF) that has been paid to property owners. The Auditors require this item be recorded in this manner.
2. Staff will monitor these cash balances as part of its monthly financial report. As actual expenses and revenues are recorded, the projected cash balances may fluctuate resulting in a change in the end of month cash on hand beyond the 90 Day Guideline. If, after analysis and projections of the cash needs for the remaining months of the calendar year, this variance is determined to be excess of cash needed, the Board may review options to transfer this excess to other reserve accounts.

Chart 3 - Projecting Operating Cash Above the 90 Day Minimum

Steps	Description	Example (Cy 2021)
1.	Use Cash Balance Projected for November (from Monthly Chart of Cash Flow with Projections for Remaining Months)	3,517,961
2.	Subtract PACF Allowance	(312,340)
3.	Total Net Cash Available for Operating funds	3,205,621
4.	Divide by Daily Average Cash Required – Chart 2, step 5	27,195
5.	Number of Days of Operating Cash Available	118
6.	Total Net Cash Available for Operating funds (step 3 above)	3,205,621
7.	Take Minimum 90 Day Cash Minimum from Chart 2, Step 7	(2,447,586)
8.	Projected Operating Cash Above the Minimum available for possible distribution to other Reserve Accounts	758,035

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Monthly Chart of Cash Flow with Projections for Remaining Months

