



## **EXHIBIT**

**APPROVED**  
**Board of Directors**  
**May 24, 2016**

### **Authorization from Operating Reserve Fund for HR-related Activities**

#### **Overview**

GVR Board policy states that the CEO "... Directs the human resources of the organization" [see *Corporate Policy Manual (CPM), Section VII-Chief Executive Officer, Subsection 1- Authority of the Chief Executive Officer, C.*]. Within this policy section, Item #1. states that the CEO shall: "*maintain comprehensive HR policies and practices which are aligned with U.S. and Arizona law.*" Item #4 states that the CEO shall: "*Effectively manage the Human Resources (HR) of the organization according to authorized personnel policies and procedures that fully conform to current, laws, regulations and corporate policy.*"

On April 19, 2016 in a regular session Board meeting, CEO Blumenthal requested funding from the Initiatives & Innovations reserve fund to support several HR-related activities. The Board denied this funding request.

In an executive session of the Board on April 28, 2016, CEO Blumenthal provided additional background information concerning the importance of having the Corporation quickly undertake specific HR-related activities. In March 2016, he informed the Board that an attorney specializing in employment law counselled GVR management that the Corporation's HR policies do not in all cases reflect current laws, regulations and/or best practices. The attorney advised GVR Management that our corporate policies and Employee Handbook be reviewed and updated as soon as possible by experts knowledgeable about current federal and state laws, and expectations for nonprofits.

Following the April 28 executive session, Fiscal Affairs Chairperson Vicky Mournian met with the CEO and CFO Cheryl Moose to discuss the matter further. Chairperson Mournian notified the Board via email on May 9, 2016 that she believes it is in GVR's best interests to provide limited funding now from operating reserves for certain HR-related activities, with the understanding that according to GVR policy, should the fiscal year end with net income over expenses, monies from operating reserve funds allocated to the HR activities would be returned to the reserve fund.

The GVR Board Reserve Policy includes an Operating Reserve Fund [see *CPM, Section V, Subsection 2, Reserve Policy, B.1*]. The CEO is authorized to access Operating Reserve Funds to address critical needs as they may arise, with notification to the Board of Directors. Part B. ("*Maintenance of GVR Financial Reserve System*") requires that, "*each year, ... draws from the reserve funds shall be replaced first before assigning excess revenue over expenses to any other use.*"

#### **Recommendation**

**Authorize \$15,000 allocation from the Operating Reserve upon the advice of legal counsel for the purpose of revising and updating the Corporation's HR policies and procedures and GVR Employee Handbook. These funds will be repaid to the Operating Reserve Fund according to policy.**