



APPROVED
Board of Directors
April 24, 2018

A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Friday, April 13, 2018 at Desert Hills Center Auditorium, the President being in the chair and the Secretary present.

Directors Present: Carol Crothers (President), Donna Coon (Vice-President), Denise Nichols (Secretary), Roger Myers (Treasurer), Carol Lambert (Assistant Secretary) (teleconference), Tom Sadowski (Assistant Treasurer), Nina Campfield, Lynne Chalmers, Charles Sieck, Tim Stewart, Sandra Thornton, Gail Vanderhoof, Kent Blumenthal (CEO)

Staff: Cheryl Moose (CFO), Jen Morningstar (Executive Office Manager), David Jund (Facilities Director), George Rushing II (Recreation Director), Karen Miars (Administrative Assistant)

Visitors: 26

I. Call to Order / Establish Quorum

President Crothers called the meeting to order at 9:02am MST.
Roll call by Secretary Nichols; Quorum established.

II. Adopt Agenda

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

III. Approve Minutes

MOTION: Campfield / Seconded. Approve minutes of March 29, 2018 and April 3, 2018 as presented
Passed: Unanimous

IV. President's Report

Good morning ladies and gentlemen, this is my first chance to address our membership since I was elected president of the board. I'm mostly speaking for myself right now since we are still in the early stages of developing a board-wide strategy and set of objectives.

Since I was elected last year, I've felt that the number one objective of the board should be to listen to our members and develop the policy necessary to deliver the highest possible member satisfaction with your organization, Green Valley Rec. After all, you are both the owners and the customers of GVR. Our job is to provide the high value recreational, social and leisure education opportunities that enhance the quality of your lives. Value means excellent facilities and services at a very reasonable price. Overall, I believe we do a pretty good job here, but we can always do better.

According to the survey we just took, 70% of us believe we are getting good value for our GVR dues. That is a good number, but we can do better. Overall we rated our facilities and programs in

the 75-92% range. That is very good but slightly less than our ratings 8 years ago. We need to understand why the trend is neutral or down and turn that around. You are quite happy with how well GVR provides recreational, social and educational opportunities – in the 80’s and 90’s percent positive. Good to hear because that is the heart of our business.

However, you are very unhappy with your board. Only 49% of you believe the board adequately represents you and is responsive to your needs. Even more troubling is that only 36% of you feel there is a free flow of information between the board and members, and only 29% feel you are given the opportunity to weigh in before major financial decisions are made. We must make improvements here.

You have elected a very strong board and we are dedicated to serving you. We have put together an ad hoc committee to analyze the survey and make recommendations on how we can improve. We will be conducting planning sessions to prioritize our goals and set objectives that can be passed down to our very capable staff. We will measure and report on our progress. We ask you to give us fair and open feedback.

One of the things I most appreciate about Green Valley is the caliber of its people. We live in a very bright, caring community. Most of us know that we have something very special here. Let’s work together to make it the best that it can be.

About 40 folks have volunteered to work on our board committees. Thank you! Board chairmen will be getting back to you to see where you can best serve. We still need a few people willing to serve on the audit and nomination & elections committees. We will also need more volunteers to work on the survey committee, especially as we organize down to subcommittees that address specific areas. If you are willing to serve, please contact a board member or go to the website to submit an application.

Again, I thank you for my opportunity to serve. My focus will be your satisfaction with your GVR organization. With the capable help of my fellow board members, our goal will be to provide incredible value for your GVR investment. We are committed to living up to your expectations.

~~Lynne Chalmers joined the meeting

V. CEO Report

I appreciate the opportunity that President Crothers gave me to give a snapshot of where I think we are and how we’re doing. And Carol asked me an interesting question and asked that I share my thoughts with members and the Board at this meeting. She asked, “Kent, what are things that keep you up at night?” So I focused my thoughts about our beloved non-profit corporation. And I want to start with addressing that question.

I’ve spent a career in administration of non-profits and with organizations and associations mostly in the recreation and leisure services field. I’ve worked for nonprofit 501 (C)(3)s, that’s the most broadest-defined Charitable Giving organizations; 501(C)(6)s, which is kind of a Trade Non-Profit Membership Organization; and (C)(4) which is what GVR is.

So, specific to GVR - what keeps me up at night? Not necessarily every night and not necessarily the same issues, but it's related to these five things that I think about.

- One is GVR's dependency on a growing economy to meet baseline expectations for our programs and services. So what do I mean by that? Well, I'm going to refer to the data sheets that was handed out to the audience. I turn your attention to the side that says 2018 Budgeted Revenues. Now this is not drilling down into details of line items and so forth. This is a 35,000 foot view that I have, and I want to share this perspective. This is the third year we've broken the budget down this way to have an important "look see". Our member dues support only about 60% of the total overall operating and capital budget. Only 60%. So that means that in order to have all that we provide to our members each and every day, we need to find another 40% of revenue. This is where dependency on a strong economy comes in. Because when there is a strong economy as opposed to a weak economy, our GVR member properties are selling more quickly, at a more appreciated value. But most importantly, that they're selling at all. If you look at the diagram (the pie chart) that explains the 60%-40% ration, about 20%, % of our non-dues revenue stream comes from Initial Fees and New Member Capital Fees. Last year we had a banner year of 966 properties turning over to GVR. We added 30+ totally new ones to GVR membership - never in GVR before. People said, "we want into GVR, and we're paying that type of country club Initial Fee" (that's what I call it), that \$2,400 one-time fee) "and we're going to join that organization forever and deed that home." This doesn't happen so much in a poor economy. So the issue for governance is, how you plan for the down years. And I don't want to wax biblical, but we're all familiar with the story of Joseph - of the multicolored coat story (it was on Broadway). The bottom line was - he foresaw a drought coming and they stored food away for seven years to make it through the bad years. That kind of forward thinking, I suggest, is important to GVR.
- Second, I think about how to retain talented and loyal staff. I go back a little more than four years to 2014 working for GVR, and fair compensation and livable wages for my staff are important to me. There are several entry level positions at GVR: Custodial, Landscape, some in Maintenance and some in Recreation. Going back to 2014, 2015 and even 2016, I shared the perspective with the Board that not only do we have to compete to get the best staff, we must retain them. And a fair and livable wage based on labor market trends is important. These Boards worked with me and we had staff compensation studies done, and we targeted where positions needed to be brought up, as there were many that were well below what the market was paying. And we've been on that path since then. And I thank GVR's past Boards for their support for this. And this is an ongoing issue that needs constant attention.
- Another issue that I am aware of, and I think about how to do better at, is communicating in a way that elevates the understanding of the inevitable growth and change which will absorb all of Green Valley. Those of us that sit here - whether we want it or not, it doesn't matter. Growth is coming. We did a projection based on the number of available lots in the two zip codes which constitute Green Valley about two years ago, to project population growth and what this community would have and would have to sustain. The max it was about 31,000 people, as compared to approximately 27,000 that is here now. That's it. Those of you who live in this area - off of Camino del Sol - may have seen signage that the developer Meritage is accepting names and interest in for future home development. Now what's that about? Well,

GVR is built on Developer/Member Agreements, and then there are Side Agreements. Meritage as a developer, has not sold one home since 2010. But they're coming back. Between them and Fairfield alone, there are about 2,000 vacant lots yet to be sold, mostly on the south end of town. Do the math. We calculate, based on our current numbers per rooftop, that there are 1.74 persons per GVR rooftop. You add 2,000 homes, that gives you - down at the south end of our expanse of 8.6 miles of GVR from our northernmost to our southernmost facility - an additional 4000 individuals, not counting guests, tenants and so forth. Plus, annually we have a voluntary opt-in adoption rate within GVR - I mentioned earlier that 30 new homes came in this year - and most of them were existing homes that after maybe 30 years or so, a new owner said, "we want in". That's going to continue to happen. So what is our adoption rate? The overall adoption rate is now about 63% of all homes in the older parts of Green Valley that have opted in to GVR. Those will continue to happen. What am I concerned with is planning for the future. This is because that history shows that those among us who live only in the past or the present are bound to miss the future. And the local growth is going to happen with our without us. And I ask the Board - that's technically who I'm addressing here though I'm glad for our members and guests - how many are aware of the "The Continental Farms Specific Plan". Anybody hear of that? Ok, so 2 or 3? Well, that plan has been approved for future residential and commercial development of the FICO Pecan Groves that run through Green Valley. There is also a Sahuarita Farms Specific Plan that's already been approved by Pima County whereby those Pecan Groves are going to be developed. They're going away. They're actually planting new pecan groves 100 miles or so from here. FICO will sell off these groves in order to develop them. Right by where we hope to have our 24-court GVR Pickleball Center. There's nothing we can do in this room that's going to change that. But we better be aware that it's going to happen. Because it's going to affect everything - from security, to traffic, to roads - to everything.

- Next, having spent a career with non-profits and Boards, I've seen this ebb & flow with pretty much every organization I've ever worked with, and that is the ability of volunteer leaders to fully appreciate and understand their legal duty of care and the legal duty of loyalty - and in this case, regarding GVR - that mandates putting the organization's needs first, rather than those of an individual or a specific stakeholder group. And that's not always easy to do. The nature of our business is recreation, and many of us are involved in a variety of leisure pursuits. But what's difficult - and it come up at times in different conversations that we will have and have had, is a parochial view about our organization when, in fact, a more global view is critical.
- Lastly, one of the charges that the Board that hired me gave me back in 2014 - actually it was in the interview process in 2013 - was to establish a non-profit IRC 501(C)(3) charitable giving foundation. First to do the research, then to get it going. And there was consensus of the Board at the time that - and we were coming off a 'not so good economy' - that by having an affiliated foundation, it would take a burden off of GVR and put it on an organization that was either better able to meet a need or better able to fundraise to address a need than GVR itself was able to. And the recent membership survey referenced earlier in President Crothers' earlier remarks, will hopefully be the impetus for a lot more conversation about member interests and needs this year. The survey results had a fascinating component to it - that only about 50% of our members had even heard of the GVR Foundation. And yet we post

something about it every week in eBlast. But the objective of the GVR Foundation put in basketball parlance is to be GVR's 'sixth man' – the 'go-to' organization to assist GVR in doing things it either can't do or that it can't do as well to help meet its goals and mission. Yet the GVR Foundation has not yet been fully embraced by the membership. I know of the potential of any non-profit, particularly ours. So I am concerned about how we can better communicate an understanding that we're not boats on our own bottoms, but instead in a uniquely symbiotic relationship with the GVR Foundation for the betterment of all GVR.

So those are my thoughts about what keeps me up at night.

VI. New Business

A. Appointment of Committee Chairs

MOTION: / Seconded. Approve President Crothers recommendation for committee chairs:

Fiscal Affairs – Roger Myers

Planning & Evaluation – Donna Coon

Board Affairs – Gail Vanderhoof

Nominations & Elections – Denise Nichols

Investments Ad Hoc – Tom Sadowski

Survey Ad Hoc – Co-Chairs Carol Lambert & Sandra Thornton

Passed: unanimous

~~Carole Lambert left the meeting

VII. Member Comments: 8

VIII. Adjournment

MOTION: Nichols / Seconded. Meeting Adjourned at 10:10am.

Passed: unanimous

GVRTM

Denise Nichols
Secretary

Date

Jen Morningstar
Manager, Executive Office

Date