



A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS held Tuesday, August 28, 2018 at West Center, the President being in the chair and the Secretary being present.

Directors Present: Carol Crothers (President), Donna Coon (Vice-President), Nina Campfield, Charles Sieck, Tim Stewart, Sandra Thornton, Gail Vanderhoof, Kent Blumenthal (CEO)

Directors Present Electronically: Lynne Chalmers, Denise Nichols (Secretary)

Directors Absent: Carol Lambert, Roger Myers (Treasurer), Tom Sadowski

Staff: Cheryl Moose (CFO), Jen Morningstar (Director of Administrative Services), David Jund (Facilities Director), George Rushing II (Recreation Director), Randy Cheatham (IT Director), Conal Ward (IT Technician)

Visitors:

I. Call to Order / Establish Quorum

President Crothers called the meeting to order at 1:31 MST
Roll call by Vice President Coon; Quorum established.

II. Adopt Agenda as amended

MOTION: Vanderhoof / Seconded. Adopt Agenda as amended.
Passed: 6 yes / 3 no (Campfield, Coon, Stewart)

III. Consent Calendar

MOTION: Stewart / Seconded. Approve June 26, 2018 Meeting Minutes as presented.
Passed: unanimous

MOTION: Sieck / Seconded. Approve August 10, 2018 Special Meeting Minutes as amended.
Passed: unanimous

MOTION: Vanderhoof / Seconded. Approve Financial Statements of June

IV. President's Report

We have a very full agenda so I will be brief.

First, you can see from the agenda that your board has been busy. We have many subjects to cover this afternoon.

What seems to be top of many members' minds is the state of the relationship between the GVR board and the GVR Foundation. Let me assure you that your board wants to see a solid productive relationship that benefits our members and our entire community.

We have created an ad hoc committee with the express purpose of building the relationship. Tim Stewart, Charlie Sieck, Donna Coon and Roger Myers form the committee. I will let Tim tell you all that he and his team have accomplished already, and Charlie will talk about the answers he has found to some of our questions. A major first step was getting the background information that describes the legal framework under which we (GVR) as a 501c(4) need to work with the Foundation a 501c(3). This document answers many of the board's questions and also reinforces the need for a written document on how we must proceed to prevent tax problems.

The ad hoc committee is committed to getting all questions answered and moving us towards the necessary written documentation.

We are changing the order of our agenda items today. Most of the business of GVR goes through our committees so I think it is appropriate to address committee items first.

Our Board Affairs committee has been busy working through the CPM to be sure it is in compliance with our bylaws and Arizona law. You will see a number of recommended CPM updates later in the meeting.

Our Survey Ad hoc committee has been hard at work. Sandra Thornton with the underserved subcommittee will be giving a report and recommendation. The communications sub group gave an excellent report at our work session. We had hoped to present and approve some of the recommendations today but Carol Lambert is out of town.

The Fiscal Affairs committee is in the middle of the 2019 budget which includes our dues. I would urge all interested members to attend their meetings to stay up to speed on the deliberations.

The P&E committee has work underway with our WSM architects on the new Pickleball courts and they have promised us to move as quickly as possible. Donna will be giving you an update.

A major activity of your board and CEO was to agree on a Work Plan for the governance year. There have been many recommendations and updates from all sides to be sure this year's work plan lines up the objectives of the board with the administration's overall activities.

We received a letter from GVR Foundation VP Regina Ford asking for a supporting letter for a grant application for the MAP program. Of course we will comply. I asked our CEO to prepare the letter for my signature. I want to thank the Foundation folks who have put in so many hours of volunteer effort helping our less fortunate members and our community at large.

V. CEO Report

Maybe it is because it has been eight weeks since our last regular session meeting of the GVR Board. Or perhaps it is because with every passing day, the stakes get higher for an 'Envisioned Future' for GVR. Either way, this board meeting where only 10 of the 12 Directors are present promises to be the most important of the year, if not the past five years.

What the Board will consider today is nothing less than:

- A comprehensive work plan for this governance year that expires in just seven months.
- The hope for a mutually respectful, collaborative relationship between GVR and the GVR Foundation.
- Reliance on sound legal advice that will continue to protect our Corp. today and tomorrow.
- Transparency in communications that affects the lives of all GVR members.
- Affordability, as defined in its broadest context, of all things we know and enjoy about GVR and its offerings to our 24,000 individual members.

Meanwhile, the work of the Corp. continues even as we meet here today:

1. On Thursday at 1:30 PM here in this West Center auditorium is a member forum on our Solar Panel Installation Project initiative. A \$4.2 million initiative, by the way, that will not cost GVR a penny. In fact, GVR will save tens of thousands of dollars each year, once all solar installations are completed.
2. The new GVR SOS Volunteer initiative launches just after Labor Day.
3. GVR Now! Newsletter production has been made more efficient and its distribution expanded. We were able to reduce production costs for our monthly newsletter by completing virtually all design in-house. This has reduced expenses and shortened the production schedule for each issue. GVR Now! newspaper-type stands are now in place at Continental Shopping Center and other local retail sites.
4. The 2018 Reserve Study Updates prepared by the Browning Reserve Group under contract with GVR is completed and is posted on GVR Website.
5. Development of the proposed FY2019 budget is progressing nicely and on a fast-track, in accordance with Fiscal Affairs Committee and Board expectations. With this being late-August, I am pleased that we are as far along as we are with budget development. Our early progress on the FY2019 budget allows for more Board and committee review and discussion than before.

Upcoming FY2019 budget review meetings include:

- A FAC review of capital projects on August 30;
- A September 13 Board budget work session;
- A September 18 regular FAC committee meeting;
- And a presentation of the proposed FY2019 budget for adoption at the September 25 GVR Board meeting.

At this point in the process, the FY2019 proposed \$11.6M (approx.) budget reviewed by the Fiscal Affairs Committee this past week is balanced at '\$0' net revenue/expenses. In the FY2019 proposal, the percentage of the annual operating and capital budget covered by member dues is 61.33%, up slightly from 2018 (at 59.42%).

FAC Chair Roger Myers, CFO Cheryl Moose, and Accounting Manager David Webster are working hard to see that this budget timeline is met. It is obvious to me that the budget development process and all that must be considered as part of it is not universally understood. I'm hoping that Roger and the Fiscal Affairs Committee can soon host a 'GVR budget primer' that will describe the budget development process and answer questions about GVR budget 'unducables,' as I like to call them.

Lastly, finalizing the 2018/2019 GVR Work Plan is of particular importance. My hope and expectation is that it is intended as a 'win-win-win' between the Board, staff and membership. Determining how to measure success for each work plan item is critical. Some of the proposed work plan items are loaded with needed additional administrative and accounting work.

For these items, more implementation discussions between me and the Board are required to identify how to avoid bloating the GVR bureaucracy while keeping staff focused on operations and the Board focused within its policy-making purview. More about this issue when we get to that agenda item.

Thank you for being here today. Let's have a productive and success-driven afternoon.

VI. Committee Reports

A. Foundation Ad Hoc

1. **Motion: Sieck / Seconded. Send response letter prepared by ad hoc relationship committee to GVR Foundation**
Passed: unanimous
2. **Motion: Sieck / Seconded. Upon clarification of appropriate steps to assure compliance with federal tax rules, GVR cover the Foundation's cost for the marketing materials for the Pickleball fundraising campaign, up to \$9500 if the Foundation decides to pursue the campaign.**
Passed: unanimous

B. Board Affairs

1. **Motion: Vanderhoof / Seconded. Approve changes to policy (Exhibit A – Suspension of Privileges) and incorporate changes into Corporate Policy Manual.**
Passed: 5 yes / 4 no (Campfield, Coon, Nichols, Stewart)

MOTION: Sieck / Seconded. Call the question.
Passed: unanimous

2. **MOTION: Sieck / Seconded.** Take these exhibits and get legal opinions on them and make adjustments accordingly and then bring them back to the Board for voting. Make sure they go back to Board Affairs and they agree with the changes and then come back to the Board, and I want to see what the legal cost for the opinion.

3. **MOTION TO AMEND: Campfield / Seconded.** Include Exhibit A in legal opinion request.

Passed: 7 yes / 2 no (Chalmers, Vanderhoof)

AMENDED MOTION: send Exhibits A-E to legal counsel opinions on them and make adjustments accordingly and then bring them back to the Board for voting. Make sure they go back to Board Affairs and they agree with the changes and then come back to the Board, and I want to see what the legal cost is for the opinion.

Passed: 7 yes / 2 no (Chalmers, Vanderhoof)

C. Audit

Chair Charles Sieck introduced committee member Ted Schultz. The committee will begin work over the next few months.

D. Survey Ad Hoc

MOTION: Thornton / Seconded. The Board of Directors request the Fiscal Affairs Committee to thoroughly review the impact of keeping GVR dues level until an alternative can be developed that recognizes the struggle of some of our members to afford the ever increasing GVR dues.

Passed: 5 yes / 4 no (Campfield, Coon, Nichols, Stewart)

E. Fiscal Affairs

Director Campfield explained the Fiscal Affairs Committee is looking at changing the budget development policy giving staff and the Board more time to prepare and review proposed annual budgets.

F. Planning & Evaluation

Director Coon reported on the progress of solar panel installation, East Center pickleball court lighting and the Pickleball Center design.

G. Nominations & Elections no report

H. Investments no report

VII. New Business

A. Letter of support for GVR Foundation (White Elephant Grant)

MOTION: Stewart / Seconded. Board approve sending letter of support for GVR Foundation White Elephant MAP grant.

Passed: unanimous

B. Proposed 2018-19 GVR Work Plan

MOTION: Sieck / Seconded. Approve 2018-2019 GVR Work Plan with the condition that outstanding items be finalized by the Executive Board and the CEO within the next week.

Outstanding Items:

II. Marketing & Communications

4. Strategic - Non-Dues Revenue

- Continue to Identify and grow non-dues revenue.
 - Note from 8/9 Work Session: Myers will work with Blumenthal to provide reword so success can be measured

III. Information Technology

4. Operational – GVR Website

- Create FAQ pilot for answering member inquiries
- Within the FAQ create a ‘Pending Response’ area for questions sent to the Board that need a response and are relevant to all the membership. Once an answer is given they would be moved to FAQ area.
 - Note from 8/9 Work Session: Lambert and Blumenthal will propose language; Board will determine procedures for responding to/answering member inquiries and forwarding to staff for web posting.

V. Administration, Facilities & Recreation Management

9. Operational – Investment of Reserve Funds

- Move three reserve funds (MR&R, Emergency and New Initiative) to managed accounts through development of a formal RFP which seeks open competition.
- Final selection of successful bidder to be submitted for approval by the Board.
- Create a cash flow analysis that projects the requirements for operations, MR&R, Capital expenditures and new initiatives. CEO and CFO will work with the committee to define requirements.
 - Note from 8/9 Work Session: Board agreed that Myers and Campfield will propose new language to support Investment Committee for this section in anticipation of move to managed funds:
 - Propose cash flow and maturity of investments
 - CEO & CFO will work with committee to define requirements for cash flow analysis that predicts cash requirements

Passed: unanimous

C. Proposal: Board Responses to Member emails

MOTION: Campfield / Seconded.

- **CEO place the following statement adjacent to the hotlink board@gvrec.org: “The Board of Directors appreciates hearing member views and suggestions. If you wish to receive a response, please indicate ‘Response’ in the subject line of your email;”**
- **CEO change the automatic reply to member emails sent to the Board of Directors to: “Thank you for your email, which has been received by all members of the Board of Directors. If you requested a response, you will hear from the Secretary of the BOD;”**

- Secretary of the Board of Directors be authorized to determine where the subject of an email should be dealt with, i.e., which committee or Board meeting, and to respond to member emails that request a response; and
- Notification of this change be published in the eBlast and *GVR Now!*
- Refer to Board Affairs Committee for placement in Corporate Policy Manual
- Have these changes reviewed by corporate attorney.

Passed: unanimous

D. Establish Bylaws Ad Hoc Committee and Appoint Chair

MOTION: Crothers / Seconded. President Crothers proposed forming an ad hoc committee to review the proposed amended and restated bylaws. The completion date of the ad hoc committee's work would be October 31, 2020. Additionally, appoint Lynne Chalmers as chair.

Passed: unanimous

E. Appoint New Co-Chair to Survey Ad Hoc Committee

MOTION: Crothers / Seconded. Appoint Charles Sieck as third co-chair of Survey Ad Hoc Committee, specifically to work on 1) survey of those members who do not receive email to determine their communications needs and 2) oversee annual GVR Member satisfaction survey.

Passed: unanimous

F. Request: Release Summary of Legal Opinion – “Standard of Service”

MOTION: Campfield / Seconded. Direct CEO to prepare a statement based on the April 23, 2018 legal opinion defining Standard of Service as described in GVR Bylaws, Article III Section 3. Further, direct the CEO distribute the statement to GVR Board and to general GVR Membership.

Passed: unanimous

G. Request: Legal Opinion (Civil Rights of Board Members)

Discussion

VIII. Member Comments:

IX. Adjournment

MOTION: Campfield / Seconded. Meeting Adjourned at pm MST.

Passed: unanimous

****‘Action without Meeting’ Unanimous Consent Resolution.**

At the request of President Carol Crothers on August 17, 2018, the GVR Board of Directors approved the appointment of Tim Stewart, Roger Myers, Donna Coon and Charlie Sieck to serve on an ad hoc committee with the mission of creating a positive working relationship with the foundation by

1. Answer the Foundation's letter
2. Gather questions from GVR board members and organize them in the most efficient way to gain satisfactory answers, ie GVR attorney, Foundation existing documentation, administration, joint GVR/Foundation attorney
3. Document all questions and answers giving both boards the opportunity to clarify both questions and answers. Everything is written down.
4. Working with the Foundation prepare a supplemental agreement that spells out the terms and conditions of a joint fundraising campaign
5. Organize a meeting of the board where the questions and answers are provided ahead of time and the details of the supplemental agreement are shared so that we can move ahead in a productive relationship.

Denise Nichols
Secretary

Date

Jen Morningstar
Director of Administrative Services

Date