



GVR Mission Statement: *"To provide recreational, social and leisure education opportunities that enhance the quality of our members' lives."*

MINUTES

BOARD AFFAIRS COMMITTEE MEETING

Regular Meeting – Closed/Open

Thursday, August 13, 2020
10:00am MST – Teleconference

Committee Approval – September 10, 2020

ATTENDEES: Christine Gallegos (Chair), Joyce Finkelstein, Richard Kidwell, Fred Monique, Bob Northrup, Beverly Tobiason, Michael Zelenak, Jen Morningstar (Interim CEO), Don Weaver (ex officio)

GUESTS: Wendy Ehrlich, Esq., Bev Lawless, GVR Board Director

STAFF LIAISON: Karen Miars

Visitors: 4 (Open Session)

BOARD AFFAIRS COMMITTEE - CLOSED SESSION

1. Call to Order

Chair Gallegos called the meeting to order at 10:03am MST.

2. Roll Call / Establish Quorum

Roll call by Karen Miars; Quorum established.

3. Adopt Agenda

MOTION: Monique / Seconded. Adopt Agenda as amended.

Passed: unanimous

4. Approve July 9, 2020 Meeting Minutes

MOTION: Zelenak / Seconded. Approve July 9, 2020 Meeting Minutes as presented.

Passed: unanimous

5. Discussion Items:

01. Board of Directors Code of Conduct - Wendy Ehrlich, Esq.

MOTION: Monique / Seconded. Approve the revised Board Code of Conduct and the Board Code of Conduct Enforcement Procedures as amended to recommend to GVR Board of Directors for approval at the August 26, 2020 GVR Board Meeting.

Passed: unanimous

02. Bylaws Update - Wendy Ehrlich, Esq. and Mike Zelenak. Discussion.

A legal review was requested upon completion of Policy Governance Ad Hoc Committee's dividing of the CPM into two sections – Board Policy and CEO Operations – including a memo from Beverly Tobiason describing the purpose for the divisions.

BOARD AFFAIRS COMMITTEE - OPEN SESSION

03. BAC Objectives/Goals - To be discussed at the next meeting due to time constraints.

04. CPM Subcommittee Update – Director Gallegos reported.

- Interim CEO Jen Morningstar to forward to Richard Kidwell and Director Gallegos the list of BAC/Board-approved CPM changes for the years 2017-2019 to review at the September BAC meeting.

6. Action Item:

01. Investment Committee Proposed Changes to the CPM – GVR Board Director Bev Lawless reported.

MOTION: Northrup / Seconded. Recommend the Investments Committee's proposed changes to the Corporate Policy Manual (CPM) as amended to the GVR Board of Directors for approval and to incorporate the changes into the CPM:

- **SECTION VI.SS1: Indemnify Committee Members**
I. Indemnification
The Corporation shall indemnify and hold harmless its officers, Directors, employees, ~~and~~ agents, ~~and committee members~~ to the extent permitted by Arizona law.
- **SECTION VI.SS4.C.6.c.1.a)1.: Redundant – Found in Appendix 1., Subsection 3**
c. The ~~specific wording and specifications for the~~ Investment Policy Statement ("IPS") ~~that governs each of the accounts that comprise the IAs is located in Appendix I. Board Policies, Subsection 3. GVR Investment Policy.~~
- **SECTION VI.SS4.C.6.c.1.a)2.: Time Limit Correction**
c. When non-compliance with the IPS is identified, issue appropriate remedial instructions to the CEO/CFO designed to eliminate said non-compliance within ~~a~~ the time period ~~specified in the Investment Policy Statement (IPS). not to exceed 60 calendar days.~~
- **SECTION VI.SS4.C.6.3.a.4.a.: Remove Section (Redundant-See Appendix for IPS)**
~~1. An IPS for each of the accounts that comprise the IAs.~~
- **SECTION VI.SS4.C.6.: Remove Section (Redundant-See Appendix for IPS)**
d. ~~Definitions and Clarifications~~
~~1. The following terms are used above. The following provides additional definition and/or clarifications regarding the intended meaning of these terms:~~
 - ~~a) Cost is defined as the direct and indirect costs (both hidden and revealed) resulting from the use of a specific investment. For example, for a daily access mutual fund these would include the internal expense ratio, trading fees, custody charges, and advisory fees.~~
 - ~~b) Investment Time Horizon is defined as the specific number of years or months that a portfolio will be invested before withdrawals are made from it. For example, a particular account might have a very short Investment Time Horizon such as one month. In such a circumstance, one would want to avoid investing in higher risk securities because with just a one-month investment time period, there is no opportunity to recover from market declines. In contrast, if a different account had a very long Investment Time Horizon such as twenty years, then one could consider holding riskier investments. In such a circumstance, with this long twenty-year time horizon, one could~~

~~recover from significant market declines. The specific Investment Time Horizon for each of the accounts that comprise the IAs will be identified in the applicable Investment Policy Statement.~~

- ~~c) Sustainability and anti-fragility of a particular investment approach. Not all investment approaches or investment instruments will survive or thrive over time. Some investments are as yet unproven or overly susceptible to failure during severe market declines. For example, a new embryonic mutual fund with just \$25 million of assets is highly susceptible to closure during a significant market decline. Similarly, new burgeoning securities such as cryptocurrencies and cannabis are as yet unproven and untested. It remains unclear as to the viability much less the durability of such niche areas of the marketplace. The IC is expected to consider issues of sustainability and anti-fragility as it decides what Investment Managers to hire and how to construct the associated Investment Policy Statements.~~
- ~~d) Continuity in investment approach over the span of years. Every investment management approach takes time to prove itself. Moreover, the longer the associated Investment Time Horizon, the longer the time period required for the investment approach to prove itself out. Successful investing requires that approaches to investing be given the time they require to grow, mature, and bear fruit. Moreover, by its inherent structure, the IC experiences a continuous turnover of membership. This high pace of turnover presents a potential challenge. It may make it difficult for the IC to have the required patience required to give each investment approach the time it requires to mature and bear fruit. For this reason, the IC is expected to apply particular attention to issues of continuity in investment approach across an ever-changing composition of the IC membership.~~

Motion Passed: unanimous

Tabled for further discussion at the September 10 meeting:

Section VI.SS4.B.:

- ~~7. At least one other committee member shall be a Director of the Board.~~ Committee members shall be GVR members in good standing, appointed by the Chairperson, and staff members selected by the Chief Executive officer. To the extent possible, committees will include members knowledgeable about the functionality of that specific committee.
- 8. Member Comments – 0**
- 9. Next Meeting – Thursday, September 10, 2020, 10:00am, Electronic**
- 10. Adjournment – Meeting adjourned at 11:41am MST.**