



## **AGENDA**

Fiscal Affairs Committee Meeting

Work Session

Tuesday, July 16, 2024

1:30 PM – West Center, Room 2 and Zoom

***GVR's Mission Statement:*** *“To provide excellent facilities and services that create opportunities for recreational, social activities, and leisure education to enhance the quality of our members’ lives.”*

**Finance Committee Members:** Carol Crothers, Treasurer and Chair, Dale Howard, Nellie Johnson, Bob Quast, Pat Reynolds, Steve Reynolds, Lanny Smith, Priscilla Spurgeon

**Attendees:** David Webster, CFO, Marge Garneau, President and Member ex officio, Scott Somers, CEO

1. Call to Order/ Roll Call/ Quorum
2. Chair comments
3. Financial Policies Review and Discussion
4. Member comments
5. Adjourn

Next Meeting: August 20, 2024





## Fiscal Affairs Committee Work Sessions

### Finance Policies

**Prepared By:** Scott Somers, CEO

**Meeting Date:** July 16, 2024

**Presented By:** Scott Somers, CEO

**Consent Agenda:** No

**Originating Department:**

Administration

**Action Requested:**

Review and discuss 2<sup>nd</sup> draft of recommended Finance Policies for inclusion into the CPM; consider recommendation to the Board.

**Strategic Plan Goal #4:**

Cultivate and maintain a sound financial base that generates good value for our members

**Background Information:**

Staff has provided an updated redlined edit of recommended Finance Policies to the Corporate Policy Manual (CPM) based on feedback provided by the FAC. As was previously, the recommended changes can be found in the following sections, which are attached:

1. Edits and relocation of Section 1, Budget Development Policy from the Appendix to Part 5 Fiscal/Accounting, Section 5.
2. Section 1.1.7, Other Fees

Among creating and amending additional policies, these edits amend and incorporate the Capital Improvement Project Policy Process and assessment tool pilot program, and item 4 of the Board Goals for CEO, 2024, into the CPM.

*Board Goals for CEO, 2024*

4. *(Capital) Include usage, trade-offs, and justification as part of the annual budget and capital planning process to provide the Board of Directors (BOD) with the necessary information to make capital planning decisions.*

**Fiscal Impact:**

No direct fiscal impact.

**Fiscal Affairs Committee Options:**

- 1) Review and discuss recommended Finance Policy changes to the CPM; consider recommendation to the Board of directors.

**Staff Recommendation:**

Option 1

**Attachments:**

- 1) Relevant portions of the CPM, redlined





# CORPORATE POLICY MANUAL

Version 2024.13

February 28, 2024

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**GREEN VALLEY RECREATION, INC.  
CORPORATE POLICY MANUAL**

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- F. Members will only be able to use the payment plan with an Automatic Clearing House (ACH) Debit.
- G. At the time of the request, future finance charges will stop unless the member defaults on payments. If the account is defaulted, all past applicable finance charges that would have been charged will become due.
- H. Members may continue to use GVR facilities and attend programs if they are current with their payments.

**1.1.4 Due Date and Effect of Nonpayment of Annual Dues**

- A. Annual dues are due and payable on or before January 1st.
- B. Any dues, fees, or assessments that are not paid in full ten (10) days after their due dates shall be deemed delinquent and subject to a late fee as determined by the Board.
- C. If a member's account remains delinquent as of May 1, the account will be referred to counsel for collection, including, but not limited to, the recording of a notice of lien against the member's property and the initiation of legal proceedings against the delinquent member and/or his/her property. Collection costs, including, but not limited to, attorney's fees and court costs, shall be the responsibility of the delinquent members.
- D. A member who has entered into an approved payment plan with GVR and is in compliance with the terms thereof shall not be considered delinquent.

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**1.1.5 Initial Fees**

- A. The Initial Fee may be adjusted annually by the Board based on the Department of Labor CPI (Consumer Price Index), "all items, Western Urban Region," rounded to the nearest dollar amount.
- B. The Initial Fee applies upon the sale of a deed-restricted GVR property from a developer to a third party or upon an owner electing to voluntarily deed restrict property for GVR membership.
- C. An owner paying an Initial Fee shall be exempt from paying the Membership Change Fee on that property.
- D. A portion of the revenue from Initial Fees is to be used to fund contributions to the Initiatives Reserve Fund as determined by the Board.

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**1.1.6 Membership Change Fee**

- A. Upon transfer of title of a GVR membership property, the new owner shall pay a Membership Change Fee.
  - Exemptions:
    - 1. The Membership Change Fee shall not apply to the transfer of legal ownership of a GVR deeded property from a trust if the resulting legal owners of the property are identical to

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2. the trustees of the trust immediately prior to the transfer. A person or legal entity who acquires ownership of a legal or beneficial interest of the GVR property resulting from death, sells it within six (6) months of the date of death will be exempt from the Membership Change Fee (and Transfer Fee) provided they do not elect to utilize the facilities or have Tenants in the property who wish to utilize the facilities.

B. The Membership Change Fee shall be refunded if the following apply:

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1. A Member has owned and occupied a GVR property within 365 days of transfer of title, provided that the Member demonstrates that she/he has moved from one owner-occupied primary GVR residence to another owner-occupied primary GVR residence and has presented GVR with background material showing this was a change in primary residence.
2. The Member(s) has owned and occupied the GVR property being sold for at least one (1) year.
3. A tenant card has not been issued on the property within the twelve (12) months immediately prior to the sale of the owner-occupied property.
4. The Member(s) submit a refund request for the Membership Change Fee. GVR will review the property transaction details to confirm ownership and eligibility for both properties. Refunds will be processed upon verification.

C. Revenue from the Membership Change Fee may be used as will most effectively further the general purpose of The Corporation to provide for current and future needs. A portion of the revenue from Membership Change Fee is to be used to fund contributions to the Initiatives Reserve Fund as determined by the Board.

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### 1.1.7 Other Fees

A. A fee for service is payment for the work involved in an operation that benefits individual members, as distinct from the entire membership.

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1. The Board has established fees for services:
  - a. **Transfer Fees:** There shall be a charge for the processing of the documents upon a change in the title of a membership property.
  - b. **Tenant Fees:** Upon application, tenant cards shall be issued to a person leasing GVR membership property. There will be a charge for a tenant card.
2. The authority to establish and modify operational fees is delegated to GVR Administration as part of the ongoing day-to-day management of the organization. Such fees fall in the following broad categories.
  - a. **Programmatic Fees:** These fees are established to

provide cost recovery of direct expenses related to entertainment, participation, and instructional programs. Whenever possible, the goal is to make the fee-supported programs break-even.

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Commented [SS2]: Steve R

- b. **Facility Fees:** These fees are established to provide cost recovery related exclusively to the use of facility space and/or equipment by outside groups and member usage beyond the basic services of GVR. Such fees include, but are not limited to, reservations, time incremental facility usage, equipment, custodial, technician, and catering. Damage deposits are required.
- c. **Administrative Fees:** These fees are established to provide cost recovery for miscellaneous services provided to members and outside parties. Such fees include but are not limited to, photocopying, facsimile, computer, facility keys, card replacement and publications.
- d. **Processing Fees:** These fees are established to provide cost recovery for labor and overhead generated through business transaction to members and outside parties. Such fees will be attached to all transactional business including, but not limited to, member dues, programs, instructional courses, and rentals.

### 1.1.8 Member Payment Transactions

Member payment transactions, such as Credit/Debit card transaction/service fees are subject to a processing fee.

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## SECTION 2 - USE OF GVR FACILITIES

### 1.2.1 Identification Cards

- A. It is the policy of GVR that each authorized user of GVR facilities be issued a GVR membership identification card (ID) as set forth herein.
  - 1. An ID card shall be issued to each GVR Member, each Assigned Member, each CRCF Resident, and each Life Care Member.
  - 2. A spouse of a GVR Member shall be issued an ID card unless the spouse has disclaimed interest in the property.
  - 3. If a GVR property is held in a trust, each trustee shall be issued an ID card unless the trust specifies otherwise.
  - 4. If a GVR property is owned by a corporation, LLC, or similar entity, an ID card shall be issued to up to two (2) officers or managing partners.
  - 5. Additional Card Holder:
    - a. Complimentary Cardholder ID: An ID card shall be issued at no fee for one (1) individual residing with a sole owner GVR Member or sole Assigned Member

- upon proof of residency.
- b. Complimentary Guest ID: A single only annual guest card shall be issued to sole-owner GVR Members for no fee where there is no other person residing with the GVR Member.
- c. Additional Cardholder: For a fee, established by the Board, an ID card shall be issued to other individuals upon proof of residency.

### 1.2.2 Guest Policy

- A. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant, CRCF Resident, or Life Care Member of GVR and who live outside a twenty (20) mile distance from established GVR boundaries.
- B. GVR Members, Assigned Members, Life Care Members and CRCF Residents may purchase one (1) annual guest card which allows for four (4) adults per visit with unlimited visits. Annual guest cards are valid through the end of the calendar year and fees are not prorated. No more than one (1) annual guest card may be purchased by a GVR Member regardless of the number of properties owned and may not be purchased for tenant-occupied properties.
- C. GVR Members, Assigned Members, Life Care Members, CRCF Residents, and Tenants may purchase daily guest cards which allow for four (4) adults on a specific day.
- D. Adult guests 18 years of age and older are required to have a valid guest card when visiting GVR facilities.
- E. Guests under the age of 18 do not require guest cards and must be accompanied by an adult with privileges to use GVR facilities.
- F. Replacement of a lost or damaged annual guest card must be obtained at a customer service office for a fee established by the Board. Lost cards will be deactivated to prevent future use of the card. Damaged cards must be returned to a customer service office before a replacement card will be issued.
- G. Guest cards are required for all general facility use and club activities. However, guest cards are not required for ticketed GVR events where guests pay a higher ticket price than the member price.
- H. At management's discretion, guest usage of GVR facilities may be limited to non-primetime hours. Signage will be added to all facility gates reminding individuals that each person must swipe (or 'tap' for proximity cards) a GVR-issued ID card.

### 1.2.3 Life Care Members

- A. Life Care Members are former GVR Members in good standing who currently reside in a life care facility in the greater Green Valley area and have requested the use of GVR facilities.

# APPENDIX 1 – BOARD POLICIES

## SECTION 5 - BUDGET DEVELOPMENT POLICY

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### 1.1.1 Objective

This Policy Statement provides the framework for annual budget development, review, and adoption. Included in this Statement are the budget development milestones and the recommended timetable for their completion to ensure that all necessary contributions and approvals are completed and on schedule.

The financial integrity and security of the organization is of the utmost importance. Resources should be used wisely to ensure adequate funding for services, programs, and facilities to meet the organization's present and future needs.

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Written and adopted budget policies have many benefits, such as assisting the Board of Directors and the CEO in the financial management of the organization, saving time and energy when discussing financial matters, engendering member confidence, and providing continuity over time as Directors and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the organization. They will promote sound financial management and assist in the organization's stability, efficiency, and effectiveness to accomplish the Strategic Plan, Mission, Vision, Goals and Objectives.

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### 1.1.2 Policy

#### A. References

1. Bylaws Article III Sections 1-5: Dues and Assessments
2. Bylaws Article VI Section 2: Limits of Authority and Indebtedness
3. Bylaws Article VII Section 4: Responsibilities of Officers
4. CPM Part 1 Section 1: 1.1.1-1.1.6 - Dues and Fees
- ~~5.1. CPM Part 5: Fiscal/Accounting~~
5. CPM Part 4 Section 1: 4.1.2 – Fiscal Authority
  - a. Bylaws Article III Section 1 above states: "Membership dues and operating and capital budgets shall be established by the Board of Directors."
6. CPM Part 4 Section 2: 4.2.1.A.2 and 3 - Responsibilities
- ~~7.1. CPM Part 4 Section 1: 4.1.2 – Fiscal Authority~~

Bylaws Article III Section 1 above states: "Membership dues and operating and capital budgets shall be established by the Board of Directors."
7. CPM Part 5: Fiscal/Accounting

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**E. B. Schedule for annual budget preparation and approval process**  
(structured for a calendar year):

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1. January/February:
  - a. CEO/staff will solicit any capital or operational needs from GVR Clubs and programs. A list of operational and capital needs will be developed. Staff will provide cost estimates for these projects.
  - b. Staff begin the annual Facilities Center Assessments process.
2. March:
  - a. ~~The Planning & Evaluation (P&E) Committee reviews and prioritizes Club requests greater than \$2,500 for current Fiscal Year implementation. Projects less than \$2,500 are included in the Center Assessments. Clubs will be notified by P&E (or designee) of the status of their projects (either funded or unfunded).~~
3. April/May:
  - a. Staff prepare, prioritize and provide cost estimates for Center Assessments' maintenance and capital replacement project lists.
4. June/July:
  - a. CEO/staff prepare operations and capital budgets.
5. August/September:
  - a. Staff provides recommendations for Center Assessments' priorities from Center Assessments and Reserve Study. (maintenance and capital replacements)
  - b. P&E Committee considers the Strategic Plan, Five Year Capital Improvement Plan, and any other relevant documents~~10 Year Strategic Master Plan, for projects when recommending updates of the Five-Year Capital Improvement Plan to the Fiscal Affairs Committee and Board of Directors~~for upcoming fiscal year.
  - c. FAC analyzes, reviews and considers staff proposal~~staff recommendations~~ for fiscal year operating and capital budgets, and schedule of dues and fees. After review, FAC will then forward to the Board with the recommendation that the budget and related dues and fee schedule be accepted as presented.
  - d. ~~FAC considers P&E Committee recommendations for new capital improvement projects from the 10 Year Strategic Master Plan.~~
  - e. ~~Staff determines and notifies the P&E Committee of budget available for capital club requests for the following calendar year.~~
6. September/October:
  - a. The Board will approve the Schedule of Dues and Assessments;~~the Board after it reviews and approves the annual operating budget, and capital~~

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budgets, and the Five Year Capital Improvement Plan.

b. The Board will have an approved budget available for execution no later than November 15.

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7. Approved Annual Operating & Capital Budget Implementation:

a. Once the annual operating and capital budget receives Board Approval-is approved, the CEO is authorized to will execute any changes required by the new budget. the budgets within the overall budget totals. Any proposed additions to the annual budget after approval by the Board will be forwarded to the Board for authorization prior to execution.

Commented [SS11]: Steve, can you explain this further?

Commented [SS12]: See 1.1.3 Limitations

**C. Balanced Operating Budget**

GVR shall annually adopt a balanced budget where operating revenues are equal to, or exceed, operating expenditures. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget deficit will require revision, rather than spending unappropriated surpluses or designated contingencies to support ongoing operations. Any year end operating surpluses will either remain in the Operations Fund, be transferred to a Reserve Fund, or will be available for "one-time only" expenditures. Non-recurring revenue sources should not be used to fund ongoing operational expenses. Decreases in spending should be placed in the following order when cutback or contingency plans are necessary:

Commented [SS13]: Steve R

Commented [SS14]: Nellie, I believe this would apply when there is a deficit, and as such, operating cash reserves (90 day cash policy) is relied upon. This being the case, it would seem reasonable to rely upon those cash reserves within reason and per the CFO recommendation. Therefore, it may be appropriate to remove this sentence.

Commented [SS15]: Nellie J

Commented [SS16]: Steve R

1. Non-Reserve Capital Projects
2. Nonessential hiring for staff vacancies
3. Other Nonessential expenses
4. Training and travel Expenses
- 4.5. Decreases in transfers to reserve accounts

**D. Capital Improvement Program and Capital Budget**

1. The Capital Budget is the annual appropriations for capital projects and acquisitions, which are approved by the Board of Directors. A Capital Improvement Program (CIP) is a forecast of major capital projects over a selected period of time. If a capital project remains a high priority, it is eventually placed in the Capital Budget for funding approval by the Board. The first year of the Capital Improvement Program becomes the basis for the Capital Budget. Both shall be prepared and adopted as part of the annual budget process. Board approval of the Capital Improvement Program (CIP) indicates not only the Board's acceptance of the CIP, but also its recognition that the document represents the general direction that

the organization plans to take in meeting future capital needs.

2. Preliminary planning and design for a capital project, excluding Maintenance, Repair, and Replacement Reserve Fund (MRR-A only) projects, since they are addressed separately, typically occurs before the project is approved; the cost for this work is usually charged to the Operations Fund. If the project is approved, the preliminary planning and design costs for it may be charged to the project, with the project budget reimbursing the fund to which the work was originally charged. If a project is not approved, the cost of the preliminary planning and design for it are absorbed by the fund originally charged, typically the Operations Fund.

3. **Policy and Process**

The Board of Directors, advisory committees, and staff consider any master plans, needs assessments, feasibility studies, the strategic plan, member surveys, etc. when assessing and prioritizing projects.

Staff develops the recommended Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget (the first year of the CIP, including estimated costs). However, any member in good standing may submit a proposal for a capital improvement project. There are two paths to fund capital improvement projects:

**Type I: CURRENT YEAR UNPLANNED/UNBUDGETED CAPITAL IMPROVEMENT PROJECTS** - Each year, when the budget allows, GVR will earmark an identified amount in the Non-Reserve Capital Budget for the purpose of funding unplanned and unbudgeted non-reserve capital improvement projects. Funding and inception of these projects begin in the current year. These projects tend to be smaller in scope and do not generally require much planning or lead time. Proposal rounds for these funds open twice each year, given funds remain available for Round 2.

Round 1: January 1, with funding allocated and scheduled April 1

Round 2: June 1, with funding allocated and scheduled September 1

Staff provides an initial review by following the listed process:

1. Does the proposed project meet the definition of a capital improvement project? See Part 5, Section 1,

Subsection 5.1.1. If yes, then proceed to #2.

2. Is the proposed project:

- i. unplanned and unbudgeted?
- ii. under an estimated cost of \$50,000?
- iii. anticipated to begin in current year?
- iv. not included in the MRR Reserve study?
- v. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type I capital improvement project. Proceed to Assessment Phase.

**Type II: FUTURE AND LONG-TERM CAPITAL IMPROVEMENT PROJECTS** - Each year, GVR staff will develop a recommended Five-Year Capital Improvement Plan (CIP) and Capital Improvement Budget accordingly for such capital improvement projects from capital reserve funds and capital non-reserve funds. Funding and inception of these projects begin in subsequent years. These projects tend to be larger in scope and require significant planning.

Staff provides an initial review by following the listed process:

- 1. Does the proposed project meet the definition of a capital improvement project? See Part 5, Section 1, Subsection 5.1.1. If yes, then proceed to #2.
- 2. Is the proposed project:
  - i. unplanned and unbudgeted?
  - ii. anticipated to begin in a future year?
  - iii. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type II capital improvement project. Proceed to Assessment Phase.

### **Assessment Phase**

Staff completes the Capital Improvement Project Assessment (include in Appendix or approved by the Board annually?) for all completed and timely applications.

**The following apply only to Type I Capital Improvement Projects:**

1. Staff evaluates proposals and notifies the Board of Directors of the approved project proposals. Project(s) moves forward with no further review or approval required.
2. If funding is left over after round one, members will be invited to apply again for round two (opening June 1 each year) and all steps will be repeated.

**The following apply only to Type II Capital Improvement Projects:**

1. Upon annual staff assessment and recommendation of projects and plans, Staff presents the recommended Five-Year Capital Improvement Plan (CIP) to the Planning and Evaluation Committee (P&E). The P&E Committee develops a recommendation of the Five-Year Capital Improvement Plan (CIP) to the Board of Directors for consideration during the annual budget approval process.
2. Staff presents the recommended Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget to the Fiscal Affairs Committee (FAC). The FAC develops funding recommendations of the Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget to the Board of Directors during the annual budget approval process.
3. Staff presents the P & E and FAC recommendations to the Board of Directors, and notes any discrepancies with staff recommendations, of the Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget. The Board of Directors considers approval of the Five-Year Capital Improvement Plan (CIP) and Capital Improvement Budget as part of the annual budget approval process.

**Project Planning**

1. Begins in January of the project inception year.
2. Staff conducts member/user groups outreach, if necessary.

3. If necessary, staff works with an architect to develop high-level concept drawings and cost estimates.
4. Staff presents any concept drawings and associated cost estimates to the Board of Directors for approval.
5. If rejected, staff repeats steps 3 and 4 until a concept is approved by the Board of Directors, or until the Board of Directors provides alternative direction.
6. Once and if approved, Staff pursues construction documents and permits and goes out for bid per policy.
7. Staff reviews bids or proposals and brings a recommendation to the Board of Directors for consideration.
8. Board of Directors awards a contract.

4. **Prioritizing**

1. Project prioritization is based on the following: Experience based judgment – based on the judgement of professional staff, governing board members, committee members, members, etc.
2. Broad categories of need
  - a. High: projects that are essential and impending
  - b. Medium: essential but do not need to be funded immediately
  - c. Low: create benefit but not enough to merit inclusion.

5. **Miscellaneous**

Financial forecasting shall be utilized when developing the CIP to ensure a financially sound program. Estimated costs should include inflation, planning and architectural fees, legal fees, permitting, etc. Estimated project timelines and anticipated funding sources should be identified. Carryover funds for capital projects from one year are put into the next year's budget and approved again by the Board of Directors.

**E. Budget Document**

The Operating and Capital Budgets shall serve as the annual financial plan for the organization. They will serve as a policy document of the Board of Directors for implementing Board goals and objectives.

The budget will be presented by fund, with logical breakdown of programs and expenditures. The budget will focus on policy issues and will summarize expenditures at the Personnel, Materials and Services, Capital, and Interfund Transfer Level.

Commented [SS17]: Suggest removal since it may be overly prescriptive since the current language does not specify how to present the budget, ie. consolidated or by fund.

Multi-year revenue and operating cost projections shall be prepared and included in the Budget Document to identify impact on resources.

### 1.1.3 Limitations

- A. The CEO is guided by references cited in the Policy Statement in developing dues and assessments. These should not be exceeded unless approved by the Board.
- B. The CEO is guided by the development process cited in ~~Appendix 1 Section 1:1.1.2. From time to time the CEO will apprise the Board of the status of the budgets being developed.~~
- C. Once approved by the Board, the CEO ~~may~~ will execute the annual budgets within the overall budgeted amount. In no case may total expenditures of a particular fund exceed that which is appropriated by the Board of Directors without a budget amendment.
- D. The CEO may shift amounts between line items within the Board-approved Operations Budget to meet current or anticipated needs. ~~Any line item that is decreased or increased by more than 15% or \$15,000, whichever is greater, should be reported to the Board.~~
- E. The status of Reserve Funds will be reported in the annual budget development process. After Board approval, Reserve Funds will be an integral part of GVR budget development. With the exception of the MRR-A Fund, capital line items require a budget amendment to exceed Board appropriated amounts. The CEO is encouraged to bring the most appropriate funds and their execution forward for approval.

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Scott: Does C above suffice?

## SECTION 2-1 - GVR FACILITIES POLICY STATEMENT

### 1.2.1 Resolution

- A. **WHEREAS**, Green Valley Recreation, Inc. (GVR) recognizes that planning and development of all GVR facilities and dedicated space is predicated on 'Peak Season' use; and