

CANOA SECA ESTATES II

CANDIDATE for BOARD OF DIRECTORS

REFERENCE PACKET

CANOA SECA ESTATES II, INC.
3800 S. Via del Tejedor – Green Valley, AZ 85622

Re: Application for the CSE II Board of Directors Election

The Nominating committee wants to thank you for your interest in learning about the position which is available also on the CSE II website. See under the Committees tab, Nominating. If you want additional information, please call Peter Martin, Chairperson at 520-344-8802 or email at pmartin410@cox.net.

The slate of nominees will be presented to the Directors at the January Board meeting.

Serving on the Board is an opportunity to have a leadership role in CSE II. In order for CSE II to continue as a self-managed association, volunteers are needed each year to serve on the board and are a necessary element for our form of government.

We thank you for your consideration of this position.

The Nominating Committee
Peter Martin, Chairperson
Bill Barkley, member
Sandy Hill, member

Canoa Seca Estates II (CSE II) Summary of Important Information

Green Valley is an unincorporated community; therefore, Homeowners Associations (HOAs) are the strength of Green Valley. The objective of the HOA is to maintain members property values.

Canoa Seca Estates II Association is a non-profit Arizona Corporation. We are guided by three legal documents:

- Articles of Incorporation created by the developer to establish the HOA,
- By Laws, a guide to the operations of our HOA and
- Declaration of Covenants, Conditions and Restrictions (CC&Rs) which spell out the Homeowner and HOA responsibilities.

The Articles of Incorporation don't have a great deal of importance to homeowners. Copies of the By-Laws and CC&Rs can be found on the CSE II website and are provided to the buyer before closing. It is important to read and understand the responsibilities you agree to when buying a home in CSE II.

CSE II with 115 houses is volunteer run. The CSE II Board currently has five members who serve staggered three-year terms. The membership elects Board members. The Board of Directors elect officers (President, Vice-President, Treasurer, Secretary and Architectural Chair). More than 50-60 members volunteer to staff the Committees that serve our Association. Volunteering is a great way to meet other members of our community.

The Annual Assessment is \$530. The two major expenses in our annual budget are common grounds maintenance, and maintenance of our roads. Each year, part of the assessment is added to the Reserve Fund for future road repair and replacement.

The HOA Annual meeting is usually the first week in March; the board regularly meets 4 times a year — dates are announced in the HOA Newsletter, the El Pajaro Press, and on the website. All homeowners are welcome to attend every regular Board meeting, and the Annual Membership Meeting.

All homes are deed restricted membership in Green Valley Recreation.

Canoa Seca Estates II is a member of the Green Valley Council (GVC)

The GVC is an association of 75 or so HOAs.

GVC Membership enables these HOAs to speak with one voice, rather than 75, when bringing community needs to the attention of County, State and Federal officials for action. The Council listens and responds to community concerns by organizing and operating the programs that meet these needs. The work of the Council is carried out by more than 300 volunteers from member HOAs. The Council offices, 555 N. La Canada Drive, Suite 117, serves as Green Valley's town hall.

For further information please feel free to contact CSE II's representatives to GVC, Bob Allen at 520-300-4462 or the alternate representative, Gary Karger at 651-361-9025.

CSEII Candidate for Board of Director Application

Applicant Name:	Date:
Term of Office:	

Requirements for Director of CSEII

circle one

1	Are you a legal owner of record of your property in CSEII?	Yes	No
2	Is your Annual Assessment payment current?	Yes	No
3	Are you aware of any conflicts of interest?	Yes	No
4	Are you an incumbent candidate? (all candidates will be listed on ballot)	Yes	No

Duties of Director (*see packet)

circle one

1	Have you read the current CSEII By-Laws and CC&Rs? (see website)	Yes	No
2	*Have you reviewed the GVC workshop documents BoD Best Practices and BoD Duties and Standards of Care by Goldschmidt & Shupe?	Yes	No
3	*Have you reviewed the Index of AZ Planned Community Laws?	Yes	No

Information for your Biography (to be posted under secure tab at cseii.com)

1	Why do you want to serve on the Board of Directors for CSEII?
2	How many months per year are you in residence at CSEII?
3	Can you attend in person or by phone the minimum number of Board meetings required and Annual Membership meeting?
4	On a Scale of 1 (novice) to 5 (very experienced), how would you rate your technical skills with computers, smart phones, iPads, tablets, teleconferencing, video/audio meetings, etc.?
5	What experience do you bring to the position?
6	Are you willing to perform any of the Officer and Architectural Chair jobs? If not, please comment.
7	Are you willing to perform the duties of Director as outlined in the current By-Laws and CC&Rs and uphold the provisions within them requiring your time in addition to the Board meetings and Annual Membership meetings?
8	What is your vision for CSEII?

9	What else would you like the homeowners to know about you? For example: what positions and in what years have you held in CSEII, special interests, etc.?
10	What questions do you have for the Nominating Committee?

By signing this application in the space below, I attest that I am a Member of CSEII and agree to allow my CSEII Candidate for Board of Director Application to be published on the www.cseii.com website, in the secure tab of HOMEOWNERS ONLY, with the exception of contact information, as provided herein.

Your Signature: _____

Reference Documents for Applicants for CSE II Board of Directors.

1. In the packet:

- The CSE II Board of Directors application/questionnaire
- CSEII Summary of Important Information
- Two documents by Goldschmidt/Shupe, PLCC, dated May 18, 2017
 - A. GVC workshop agenda presented by Carolyn Goldschmidt re: Board of Directors Duties and Standards of Care
 - B. GVC workshop agenda presented by Michael Shupe re: Board of Directors Financial Operations Best Practices
- AZ State statute: ARS: 10-3830
- Index of AZ Planned Communities State statutes prepared by Goldschmidt and Shupe, Aug 27, 2019. Taken from:
<https://gshoalaw.com/az-statutes-planned-communities-act-2017/>
- Article from Green Valley News, March 3, 2019 re: Green Valley Council.

2. See CSE II website <cseii.com> Governing Documents tab, By Laws and CC&Rs.



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GREEN VALLEY COUNCIL WORKSHOP: May 18, 2017 Board of Directors Duties & Standards of Care

1. **Legal Obligations of Arizona Non-Profit Corporate Directors.**
 - A. Duty of care: level of competence expected of a board member [the care that an ordinarily prudent person would exercise in a like position under similar circumstances].
 - B. Duty of loyalty: board members are required to make decisions based on what is best for the association as a whole. Once the board makes a decision, each director must act consistently with that decision, even if he/she may have opposed the course of action chosen by the board.
 - C. Duty to preserve confidential information. Review open meeting and records review laws; limit emails among board members [see : Arizona Revised Statutes §33-1804 & §33-1805, attached];

2. **Standard of Care for Directors of Non-Profit Corporations**
 - A. Business Judgment Rule: The “business judgment” rule is the appropriate standard for a court to apply in determining whether a director has breached his/her legal duties to the Association members. The rule has been codified in Arizona’s Non-Profit Corporation Act [see : Arizona Revised Statutes §10-3830, attached].
 - B. Rule of Reasonableness.
 - C. Conflicts of Interest.

3. **Protections for Directors**
 - A. Directors’ and Officers’ Liability Insurance
 - B. Corporation’s Obligation to Indemnify
 - C. Arizona Common Law Protections



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GREEN VALLEY COUNCIL WORKSHOP: May 18, 2017 Board of Directors Financial Operations Best Practices

1. Financial Practice Pointers

- A. Division of Responsibilities among Directors
- B. Regular Board meetings and communication with members
- C. Financial Reporting at Board meetings
 - i. Bank statements
 - ii. Profit/Loss statements
 - iii. Budget comparisons
- D. Budgeting process
 - i. Ongoing (long term v. short term)
 - ii. Create a narrative and budget time
 - iii. Know your particular responsibilities under your governing documents
 - iv. Bad debt, contingencies, reserve funding
- E. Adopt Board policies to formalize procedures

2. Annual Audit, Review, or Compilation [A.R.S. 33-1810 & 33-1243(H)].

- A. Review your governing documents first!
- B. Timing – must be completed no later than 180 days after the end of the fiscal year AND available upon request to members within 30 days after completion
- C. Increasing levels of assurance ...
 - i. **Audit** – provides highest level of assurance on organization's financial statements. Requires extensive inquiry, analytical procedures, and knowledge of the organizations financial affairs and practices; an independent accounting firm and letter of representation required
 - ii. **Review** – provides limited assurance on an organization's financial statements. Same breadth as an audit but less depth; an independent accounting firm and letter of representation is required
 - iii. **Compilation** – provides no assurance on the accuracy of an association's financial statements. Financial statements are organized into a format that complies with generally accepted accounting principals, but no testing or analytical procedures are performed; independent account firm and letter of representation is recommended.

ARS :

10-3830. General standards for directors

A. A director's duties, including duties as a member of a committee, shall be discharged:

- 1. In good faith.**
- 2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances.**
- 3. In a manner the director reasonably believes to be in the best interests of the corporation.**

B. In discharging duties, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by any of the following:

- 1. One or more officers or employees of the corporation whom the director reasonably believes are reliable and competent in the matters presented.**
- 2. Legal counsel, public accountants or other person as to matters the director reasonably believes are within the person's professional or expert competence.**
- 3. A committee of or appointed by the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.**
- 4. In the case of corporations organized for religious purposes, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.**

C. A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection B unwarranted.

D. A director is not liable for any action taken as a director or any failure to take any action if the director's duties were performed in compliance with this section. In any proceeding commenced under this section or any other provision of this chapter, a director has all of the defenses and presumptions ordinarily available to a director. A director is presumed in all cases to have acted, failed to act or otherwise discharged such director's duties in accordance with subsection A. The burden is on the party challenging a director's action, failure to act or other discharge of duties to establish by clear and convincing evidence facts rebutting the presumption.

E. A director shall not be deemed to be a trustee with respect to the corporation or with respect to any property held or administered by the corporation, including property that may be subject to restrictions imposed by the donor or transferor of that property.

**CHAPTER 16, ARIZONA REVISED STATUTES
PLANNED COMMUNITIES**

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33-1801 Applicability; exemption [AMENDED].....	2
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33-1807 Lien for assessments, mechanics' and materialmen's liens [AMENDED]	14
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March 3, 2019

GVC: UP OR DOWN?

Local council gives Green Valley a voice

By Andrew Paxton
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Green Valley is an unincorporated area of Pima County, but what exactly does that mean, what role does the Green Valley Council play in

representing residents who call the area home, and why do some HOAs decline membership?

WHAT IS GVC?

The Green Valley Council describes itself as a quasi-governmental, apolitical body

that represents the residents of Green Valley. It exists because Green Valley has no local municipal government — no city council, no mayor, no local police or courts. Government services

Members of the Green Valley Council Board of Representatives discuss issues in their community and with GVC during a meeting last month.

Andrew Paxton
Green Valley News

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GVC

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are provided by Pima County, Green Valley's first layer of government. Sheriff's deputies patrol the streets, county justice court handles traffic tickets, marriages and other civil matters, and county supervisors oversee the community, using county tax dollars.

If someone has an issue, big or small, the GVC helps get the concerns heard.

HOW DOES IT WORK?

The GVC began in 1973, and is comprised of a majority of the HOAs in and around Green Valley. Fifteen members, including officers, at-large and ex-officio members, make up the executive board. In 2018, about 75 HOAs had a member on the GVC Board of Representatives, which is about 85 percent of all local associations. That heft gives the GVC a seat at the table with the county.

The HOAs pay \$9.50 per rooftop each year to help fund the administrative staff; the group also receives \$75,000 annually from Pima County under a five-year renewable deal that began in January 2016. The county contract came just as the GVC faced an \$80,000 deficit — and potential insolvency — in late 2015.

Quail Creek in Sahuarita is an affiliate member, paying \$2.50 per household annually. GVC raised dues \$2 in 2012, its first increase in more than 25 years.

WHAT'S THE BUDGET?

The 2019 budget is \$276,285, a 4 percent increase over 2018.

GVC President Thao Tiedt says one part-time and three full-time employees run the administrative side of the council, with help from more than 200 volunteers.

"If we paid the volunteer hours, we would have a budget of about \$800,000," she said. "We're kind of a bargain."

"We're the only volunteer-run community that I know," she said. "But we are treated by the county as if we were a town. When they invite cities and towns together, they invite us."

The members are all part of the Board of Representatives, but can also serve on other committees addressing local issues such as traffic and roads, the environment and health services.

The GVC had a contract to compile local phone directory listings, which accounted

away in 2014, though the group continued to distribute the phone books, bringing in some cash.

WHAT'S THE BENEFIT?

The biggest benefit is access to county officials. The GVC also gets monthly updates from the county on everything from traffic control to weeds. The meetings draw Pima County Supervisor Steve Christy, who represents Green Valley, as well as other local leaders, including Sahuarita Mayor Tom Murphy and county department heads.

GVC also offers a service on its website that allows anyone to report an issue with county property. It also follows up on complaints.

The council gives seminars and training for HOAs, bringing in speakers or providing best practices. During its most recent board of reps meeting, GVC staff asked the HOA reps to get in groups and share concerns or questions about what GVC does, what its not doing, and what it could be doing better. One suggestion: Send meeting minutes to reps, who will then share them with residents. Tiedt said it would get done.

IS IT WORTH IT?

The council looks after the interests of all of Green Valley, not just member HOAs. This has led to some HOAs opting out or never joining in the first place. Tiedt says the council has stepped up efforts to educate the community about its role in hopes of growing membership.

But some HOAs have limited budgets and many have to maintain private roads, which eats into dues collected from residents. Others have said it simply isn't worth the money.

Tony Zabicki, an HOA board member at San Ignacio Vistas II, said their association left the GVC a few years ago amid a budget crunch related to road maintenance and landscaping. He said the board believes GVC is an asset but, faced with rising HOA costs, decided to discontinue membership.

With 221 homes in the HOA, the board saved about \$2,100 a year by leaving GVC.

He said that, since then, some residents have expressed interest in rejoining GVC.

ARE THEY REALLY APOLITICAL?

That depends on how you look at it. The council doesn't endorse candidates but has no problem getting involved in issues. Most recently, GVC backed the 2018 road

) in helping square the deal for the open-space park on the closed Canoa Hills golf course. They've been known to twist arms behind the scenes.

The \$75,000 annual payment deal from Pima County raised eyebrows in 2016. How can GVC accept money from the county yet also go up against it on some issues? Thus far, it doesn't appear to be a problem. GVC submits an annual report to Pima County as part of the deal, which is a public record. Overall, the GVC has been seen as a success; there has been talk of duplicating it in other unincorporated communities.

WHAT ABOUT THE GVC FOUNDATION?

The GVC Foundation was established in 2012 as a nonprofit to raise money and help fund projects that the council wants to get done. The foundation fundraising will supplement work already being done through GVC, such as raising money for the open-

space park rehabilitation via Friends of the Park group. The seven-member board often has crossover with the GVC leadership. That close relationship allows the council and foundation to work together on projects deemed important by GVC and its members, and for members to contribute directly to the cause.

OPTIONS OUTSIDE GVC?

The GVC has no authority but lots of influence, and that's hard to match. The group can turn heads and, as earlier noted, its actions benefit the entire area, not just member HOAs. (Green Valley's high voter turnout also turns heads and gets attention.)

Absent the GVC, Pima County offers services to everybody and has an extensive website. The GVC goes beyond that and delivers personal and usually quicker service.

Andrew Paxton 520-547-9747

*Continued March 3, 2019
G.V. News*