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Section I Preface

1. Purpose of Manual

This Policy Manual was developed to better organize the Tucson Estates Property Owners Association, Inc. (TEPOA) Resolutions and other Board actions. In addition, TEPOA members, Board and staff are governed by a number of Federal, State and County laws, the TEPOA Articles of Incorporation, TEPOA Covenants, Conditions and Restrictions (CC&Rs), TEPOA Bylaws and other various procedures, resolutions and actions that are adopted by the Board. The Federal, State and County laws are often difficult to interpret and often require the assistance of an attorney to determine which are applicable and how to apply them. The TEPOA Articles of Incorporation, TEPOA Covenants, Conditions and Restrictions, and TEPOA Bylaws are well documented and available to all members at the TEPOA office.

The Board of Directors from time to time developed Resolutions to establish policy. However, the organization of these Resolutions did not lend themselves to easily locating the appropriate document or determining which document was the most current. As Resolutions are incorporated into this manual or the TEPOA Bylaws, they will be placed in a **Retired File**. The **Retired File** will be retained for historical reference only. When Resolutions were adopted into this manual, they may have been modified to meet current practices. This manual will be updated to implement new policies or change existing policies as needed.

The Resolution process will continue to be used to develop or change policies. These Resolutions will be placed in an **Active File** until they are incorporated into this document or the TEPOA Bylaws. At that time they will be moved to the **Retired File**.

2. Distribution of Documents

Printed copies of the TEPOA Articles of Incorporation, TEPOA Covenants, Conditions and Restrictions, TEPOA Bylaws and Rules for the Common Areas section of this manual are provided free by TEPOA to all members. The Architectural and Building section of this manual will be available free to members as requested. Members wishing to make a change to their property are encouraged to obtain a copy of this section. Several copies of the entire manual will be maintained in the office. Members may review a copy at the office during normal business hours. Sections not provided free to members may be obtained from the office by paying the normal copy fee. In addition, a copy of the entire Policy Manual will be included in each Director's Manual and provided to each Standing Committee chairperson.

Section II General Board Procedures

1. Standing Committees

A. General Duties of the Standing Committees – 9306

All Chairpersons must forward all requests for rule changes or variances to the Board of Directors for action.

B. Standing Committee Guidelines

The Standing Committee Chairperson position is a key element to the success of our Association and management. The committees they lead provide many critical functions for TEPOA. They provide a communication vehicle for our Property Owners. They provide service and pleasure activities for our Property Owners. They also provide directional recommendations to our Board of Directors. Below are some references and guidelines to help you get started as a Chairperson:

- (1) General Responsibilities - TEPOA Bylaws – Article X, Sections 1 and 2: Standing Committee Composition, Definitions, Duties and Responsibilities.
- (2) Specific Responsibilities – Section II, 2. of this document – Duties of Standing Committees.
- (3) Appoint a Co-Chair to help out. Also, the Co-Chair can cover when you are unavailable. It is a good training position for assuming the duties of Chair in the future.
- (4) Appoint a recording Secretary to take minutes.
- (5) Appoint committee members and provide a list, including their name, mailing address, telephone number and email address to the office for distribution to the Board.
- (6) Hold regular meetings with an established agenda. Be consistent and set meetings for the same times each month (i.e. Third Tuesday of the month at 10:00 a.m.). Have the TEPOA Administrative Assistant post the agenda at least 48 hours before the meeting.
- (7) Written minutes of the meeting are important. After the meeting have the “Secretary” send a draft to the Chair and optionally to committee members for review and correction. Then have the final minutes distributed to the members, Board of Directors and General Manager. The office Administrative Assistant will distribute them for you.
- (8) Consider structuring your committee around major activities or projects by assigning a sub committee chairman or activity/project leader.
- (9) Communicate your recommendations to the BOD in writing. Utilize the office forms, such as Request For Funding and Agenda Request forms, and, in addition to the forms provide:
 - a. Formal written recommendations or requests, defining the problem, what was done, alternatives and pros and cons, if appropriate.
 - b. Include the minutes of the meeting supporting the committee’s approval of the recommendation.
 - c. Include Property Owners’ or other significant input.
 - d. The BOD Agenda Setting meeting is held two (2) Fridays before the BOD meeting. If your committee has an Agenda Request form in place, you may want to attend this meeting to give additional input to the BOD.

- (10) Policy on Conducting Meetings:
- a. The BOD uses Robert's Rules of Order as a guideline.
 - b. Standing Committees can use a more informal approach. Your groups are in working sessions much of the time and it is important that your workshops can run more freely. There are no requirements for a "Quorum" in attendance for Standing Committees to conduct business. Therefore, it is very important when you are making motions and sending recommendations to the Board, that you include the roll call for the meeting and the number of votes for and against each motion.
- (11) Communications:
- a. Interactions with other Committees are important for support and reduce duplication. For instance, if you need funding for a recommendation, a request for funding will need to be sent to the Finance Committee. If the PR committee is planning an activity or Community Action is planning a Community Information Night presentation, they may need to touch base with Member Services to ensure they are not trying to schedule the same presentation.
 - b. Your Standing Committee minutes are an important communication vehicle to the BOD and TEPOA management. It is important the minutes include all members and guests in attendance, all motions made, any other relevant information (data and facts, alternatives considered, and discussions), and the number of votes for and against each motion.
 - c. Each month you will report to the Property Owners and Board members at the monthly Property Owners' meeting. This report can be written or verbal. It is an excellent way to communicate your activities and promote volunteerism. Check the Association Report for the meeting schedule.
 - d. Office Communications:
 - i. Submit requests to the staff in writing or via email with a copy to the General Manager.
 - ii. Submit articles per the guidelines as stated in the Rules for the Common Areas.
 - iii. Fill out necessary forms for copies, correspondence to BOD, homeowners, etc.
 - iv. When a Suggestion and Complaint form is received, the Committee Chairperson should contact the person submitting the form and notify them of the date, time, and place when this item will be discussed and inviting them to attend. After your committee has considered the Suggestion or Complaint, complete the "Response to Complaint" on the back of the form and provide a completed copy to the office. This is important so the office can keep the person submitting the form up to date

as to the status of their complaint or suggestion. The office will also be able to close the file when the complaint or suggestion has been resolved.

v. Ask questions, share ideas, and express concerns.

(12) Office Interface & Support. All requests for assistance from the office should be made to the General Manager or designee. These are items the office staff may be able to assist you with:

- a. Prepare and budget for the Committee's needs.
- b. Research and obtain bids for products and services.
- c. Assist in scheduling functions and meetings.
- d. Editing, formatting, and proofreading the Association Report.
- e. Copies.
- f. Agendas.
- g. Take meeting minutes.
- h. Order and provide supplies.

(13) Board of Directors Liaison's Responsibilities:

- a. Acts as the informal communications vehicle between the BOD and the Standing Committee.
- b. Guidelines for Liaison:
 - i. Attends all of the Liaison's assigned Standing Committee meetings. If the primary liaison is unable to attend they should ask another board member to attend in his/her place.
 - ii. Acts in an advisory position to the committee.
 - iii. Reviews actions taken by the Board that impact the committee.
 - iv. Communicates, as needed, committee activities and recommendations to the board (this does not take the place of such things as the formal Request For Funding, Agenda Requests, the Committee's Written Recommendations, and Committee Reports).
 - v. Insures that the committee is able to function without the Liaison unduly influencing the decisions. In other words, the committee's ideas and recommendations should be theirs.
 - vi. Reports the committee's activities at the Property Owners' meeting when the Chairperson is unable to attend.
 - vii. Respects the Committee Chairperson – communicate to the Chairperson and through the Committee Chairperson. In other words, do not bypass the Committee Chairperson.

- c. The role can and will vary depending upon the particular committee.
However, an important point is that the Standing Committee members should be allowed to represent themselves without undue influence from the Liaison.

2. Duties of Standing Committees – 0608

A. Architectural and Building (A & B) Committee:

- (1) Maintain, update, and submit to the Board of Directors for approval the Architectural & Building Committee Operating Manual and Design Guidelines including such items as the interpretations of the CC&Rs, maintenance of homeowner's yards, arroyos and utility easements.
- (2) Establish and maintain, in cooperation with the TEPOA Administration, a system for filing and maintaining plot plans.
- (3) Oversee all TEPOA CC&Rs pertaining to new buildings, or exterior property improvements, remodeling or expansion. Any variances to these rules must be approved by the Board of Directors.
- (4) Screen and evaluate all requests from the TEPOA Property Owners for new construction, external expansion and/or remodeling, and approve or deny these requests as the rules dictate.
- (5) Perform periodic inspections, from the street, throughout the community to identify violations of the CC&Rs and other governing documents as they pertain to use of lots. Violation letters will be sent to owners by either the General Manager or the President of the Board.
- (6) Study and advise the Board of Directors on all long range proposals relating to changes or improvements in the TEPOA Common Areas.

B. Community Action Committee:

- (1) Establish a working relationship with local government (County, State, city, etc.) organizations and representatives as appropriate to enhance TEPOA visibility and purview into areas and issues that could have short term and long term impact on TEPOA.
- (2) Attend meetings and/or coordinate activities and interface with local homeowner organizations/associations and property developers.
- (3) Report to the Board of Directors and the residents of TEPOA on pending local plans, activities, developments, etc. which could affect TEPOA.
- (4) Coordinate and arrange local organizations' speakers and presentations for TEPOA residents meetings and /or other functions.

C. Crime Watch Committee:

- (1) Implement and maintain a volunteer Crime Watch and Patrol system utilizing foot, bicycle and/or auto patrol, and schedule regular meetings.

- (2) Coordinate all activities of Crime Watch and Patrol with TEPOA Administration.
- (3) Advise the Board of Directors in all matters pertaining to Crime Watch and related activities.

D. Finance Committee:

- (1) Advise the Board of Directors on developing, documenting, and implementing a budget and reserve funds plan for the TEPOA fiscal year.
- (2) Review the monthly financial reports and the annual audit report and make appropriate recommendations to the Board of Directors.
- (3) Advise the Board of Directors on the financial feasibility and method for financing all capital projects.
- (4) Advise the Board of Directors on selecting an external Tucson area CPA firm and serve as intermediary to the Board.
- (5) Advise the Treasurer in maintaining an effective investment program for funds.

E. Golf Course Committee:

- (1) Have membership from property owners of the Tucson Estates Men's Golf Association, the Tucson Estates Women's "18" Holvers, the Tucson Estates Lady Niners as well as other active golfers selected by the Chairperson.
- (2) Make recommendations to the Board of Directors for the planning and oversight of all golf course activities.
- (3) Recommend to the Board of Directors rules for play, hours and conditions for play, special programs, tournaments, guest days, and other concerns relating to the golf course.
- (4) Work with the General Manager or his designee regarding the maintenance, improvements, and operation of the golf course.
- (5) Advise the Board of Directors on benefits versus costs of suggested improvements or changes at the golf course.

F. Governance Committee:

- (1) Review all proposed changes and amendments to the TEPOA Bylaws, CC&Rs, Policy Manual, and rules and regulations, and report these proposals to the Board of Directors.
- (2) In the event of multiple proposals for a change or amendment in the above, attempt to negotiate a wording acceptable to those making the proposals.
- (3) Hold open hearings and discussions with the proponents and other interested parties of any proposed change in order to develop a consensus for presentation to the Board of Directors.

G. Maintenance Committee:

- (1) Advise the Board of Directors on developing policies for the maintenance of all Common Areas, buildings, streets, properties, infrastructure, and equipment, with the exception of the golf course playing area.
- (2) Advise the Board of Directors and TEPOA Administration on benefits versus costs of proposed improvements to the common facilities of TEPOA.

H. Member Services Committee:

- (1) Develop, facilitate and sponsor health and safety related educational and support programs which are of benefit to TEPOA's members.
- (2) Establish a referral service for TEPOA's members which would utilize existing community and private services.

I. Public Relations Committee:

- (1) Review, proofread and make recommendations for changes to the Association Report to the Board of Directors.
- (2) Arrange paid or "free to TEPOA residents" special events sponsored by TEPOA.
- (3) Coordinate special events with TEPOA Administration and committees.
- (4) Maintain a Welcoming Program for new Property Owners.

J. Recreation Committee:

- (1) Plan and oversee all recreational activities sponsored by TEPOA other than golf.
- (2) Interface with the community to determine the recreational needs of the members and make recommendations concerning those needs to the Board of Directors.
- (3) Advise the Board of Directors on the benefits versus costs of suggested recreational programs.
- (4) Maintain communications between volunteers and TEPOA Administration to promote, develop, and manage recreational activities.
- (5) Library Oversight. The library is an official sub-committee under the Recreation Committee. The Library Sub-Committee is allowed to receive and disburse funds for the purpose of selling and purchasing books and supplies directly related to the operation of the library. Individual contributions greater than \$500.00 shall be made to the TEPOA Memorial Fund. The Library Sub-Committee shall not hold more than \$1000. Monies over that amount at the end of the fiscal year (presently June 30) shall be transferred to the TEPOA Memorial Fund. The Chairman of the Library Sub-Committee shall prepare and submit to the TEPOA Board of Directors via the Chairman of the Recreation Committee, an annual (7/1-6/30) financial accounting of the receipts and disbursements of such funds.

3. Board & Property Owners Minutes Requirements – 0405

TEPOA will adhere to the practices and procedures specified in the Association Law Handbook, Third Edition, Jerald A. Jacobs, for preparing and maintaining the legal minutes of the Association.

The minutes of the Board of Directors/Property Owners meetings are a permanent record, a legal document of what occurred at the meeting(s), and provide an account of the meeting(s) for members who could not attend. Minutes are useful guidelines for Association staff. They make it possible to determine precisely what disposition was made of a matter at some previous meeting. Minutes can verify that the legal implications of a questioned policy or activity were recognized, addressed by the Board, and only then adopted at the Board meeting. Properly written minutes can be the best evidence of conscientious legal compliance by the Association.

Summary

Complete and accurate minutes should be kept of each Association meeting, whether it is a Property Owners or the Board of Director's meeting.

Minutes should be a record of what was considered and accomplished at a meeting, not a record of each statement made or of each opinion expressed by those attending.

Minutes should indicate the place, date, and time of the meeting. They should contain the statement that notice of the meeting was given to those entitled to receive notice or that notice was waived by those entitled to it.

The names of Board Members attending and those absent from the meeting will be listed and if a quorum was present.

There will be a statement that the minutes of the previous meeting have been distributed and approved, either as written or changed. All changes to the minutes of the previous meeting will be published in the next month's Association Report.

Minutes should describe each motion, report, or communication made at the meeting and name the person making the motion, report, or communication. The number of votes for or against an action and abstentions should be recorded in the minutes.

Actions of individuals made at the request of the Board since the last meeting may be ratified at the meeting and recorded in the minutes.

Written contracts, leases, insurance policies, employment, retainer, consulting, research agreements, etc. may be approved at the Board of Directors' meeting and recorded in the minutes. Copies of these will be attached to the minutes as exhibits.

If a question as to the propriety of an Association matter is raised at a meeting, the minutes should reflect the question and state that the matter was submitted for review by legal counsel. A copy of the advice of counsel, if not privileged, will be filed with the minutes.

Early drafts of minutes, tape recordings, and notes used to make them, will not be retained in Association files once the final draft of the minutes is prepared and approved.

The draft minutes will be published in the next monthly Association Report and Approved minutes will be retained in TEPOA files per the TEPOA Corporate Retention Policy.

The Secretary will be responsible to see that this is accomplished.

4. Board and Committee Meeting Practices

A. Member's Rights to Comment at Board Meetings – 0416

A Member or Member's designated representative (with written designation required) may attend an open Board of Directors' meeting. A Member or Member's designated representative shall be given the opportunity to speak at an appropriate time during Board deliberations and prior to formal action by the Board on an item under discussion.

Qualified attendees (i.e., Members or designated representatives) who wish to speak at TEPOA Board of Directors' meetings will be asked to complete a "Speaker's Card" prior to the meeting's call to order. The Speaker's Card will contain the Member's name or designated representative's name (written designation must be attached), address, lot number and a space for the Member or designated representative to list the agenda item topic for which he or she wishes to speak, and an indication as to the speaker's position as "for" or "against" an agenda item. One card will be used for each agenda topic.

The Secretary of the Board of Directors or designee will collect the Speaker's Cards upon the call to order of the meeting. The Secretary or designee will organize the cards in the order of the Agenda and pass the cards to the President.

Prior to a vote on a question before the Board, the President will read the names of those who wish to speak. Should there be a large number of speakers, the President will provide for a reasonable number of speakers on each side of the issue.

The Member or designated representative shall have two minutes to address the Board of Directors on each issue. The President may allow more time to a speaker provided Members on the opposing side of the issue are given equal time.

B. Board Meeting Protocol – 0510

The following protocol will apply to Board meetings:

1. The meeting Chairperson shall ensure that order is kept throughout the meeting.
2. Board Members may speak only when recognized by the Chairperson of the meeting.
3. A Board Member who has the floor shall speak without interruption(s).
4. Board Members shall act in a respectful manner towards other meeting attendees: there shall be no personal attacks or insulting comments made during meetings.
5. All Board issues and disagreements shall be brought to the meeting table, otherwise they shall be considered non-issues.
6. Board Members shall act within the authority granted to them by the Association's governing documents and shall be guided by *Roberts Rules of Order* for meeting protocol and procedure.

C. Proxy Procedure – 0610

In accordance with State Law, a Director may appoint a proxy to vote or otherwise act for the Director by signing an appointment form or notifying all designated parties by email, either personally or by the Director's attorney-in-fact. The appointment does not relieve the Director of liability for acts or omissions imposed by law on Directors. An appointment of a proxy is effective when received by the Secretary and is valid for one month unless a different period is expressly provided in the appointment form or email. An appointment of a proxy is revocable by the Director subject to any express limitation on the proxy's authority appearing on the face of the appointment form or in the body of the email notification. A corporation is entitled to accept the proxy's vote.

The following procedures shall be followed in executing proxies:

1. Board member must sign proxy in person at the TEPOA office, or transmit the assignment of a proxy by email to the Board Secretary, Board Member given the proxy, and the Association Administrative Assistant.
2. For proxies executed at the Association office, the original will be delivered to the Board Member being given the proxy, a copy provided to the Board Member designating the proxy, a copy to the Board Secretary, and a copy to the Association Administrative Assistant.
3. No one Board Member may vote more than one proxy at a meeting {per Bylaws Article V, Section 2, E., (4)}.
4. Committee Members are not allowed proxies.

Section III Financial Procedures

1. General Policies

A. Authorization to Sign for TEPOA – 0302, 0305

The President, Vice President, Secretary, Treasurer, General Manager and Associate Manager are authorized to sign and/or endorse checks and other financial instruments and will be the custodians of the corporate financial accounts.

All bank and cash transactions require two signatures:

One signature – General Manager or Associate Manager, and

One signature – President, Vice President, Secretary or Treasurer

Corporate financial accounts include written checks, cash movements or changes that are not executed by a signed check. These transactions will require written confirmation to the appropriate financial institution or entity. The written confirmation requires the same two signatures as a written check. Examples of these cash movements are, but not limited to, wire transfers, Electronic Funds Transfers (EFTs), investment in Certificates of Deposits (CDs) or changing values of existing CDs. Other bank transactions include safe deposit box set-up and access.

B. Controls for Purchases and Contracted Work – 0321

TEPOA will adhere to the following policy as it relates to all expenditures:

(1) Operating Funds:

- a. A single purchase of \$200 or less shall first be approved by the General Manager or Associate Manager.
- b. A single purchase of \$201 up to \$2,000 shall be made by executing a purchase order for the product or service, authorized and signed by the General Manager or Associate Manager.
- c. A single purchase, "Recurring in Nature", of \$2,000 up to \$10,000 shall be made by executing a purchase order, authorized and signed by the General Manager or Associate Manager.

"Recurring in Nature" are expenditures such as those included in the annual budget or as having prior approval of the Board of Directors. Examples are utility expenses, payroll and employee benefits, security, taxes and requirements of governmental and regulatory agencies, normal repair and maintenance of the common area facilities, office expenses, vehicle maintenance, general counsel legal fees, accounting fees, and insurance premiums.

- d. A single purchase, not "Recurring in Nature", of more than \$2,000 shall be made by executing a purchase order authorized and signed by the General Manager or Associate Manager. A Request For Funding form, with copies of the written request for quote that was sent to at least three vendors, whenever practical, together with their written responses, will be submitted to the Board of Directors for their consideration.

(2) Reserve Funds:

- a. A proposed single purchase of \$2,000 or less shall be made by executing a Request For Funding form and a purchase order, authorized and signed by the General Manager or Associate Manager, and submitted to the Board of Directors for consideration.
- b. A proposed single purchase in excess of \$2,000 shall be made by executing a Request For Funding form and a purchase order, authorized and signed by the General Manager or Associate Manager, and submitted to the Board of Directors for consideration. The Request For Funding form must contain copies of the written request for quote that was sent to at least three vendors, together with their written responses and any other required documentation.

(3) All requests for quotation will include full written specifications and/or requirements and acceptance criteria.

(4) All contracts will be signed by the President of the Board of Directors, as defined in Bylaw Article VI, Section 6, A-(4), or the Vice President as defined in Bylaw Article VI, Section 6, B-(2).

- (5) All contractors invited to bid on a project will receive the same written specifications and/or requirements. Any changes to the scope or specifications of a project will be in writing and require a re-bid from all participating contractors.
- (6) The General Manager shall include language in all project documents that will define specifically who is responsible to obtain any required permitting.
- (7) The General Manager shall be responsible to ensure that all required regulatory permits are in place prior to the initiation of such projects. Final payment will not be made until the final inspection has been completed and approved by the regulatory body that issued the permit(s).
- (8) The President of the Board of Directors, in consultation with the General Manager, will determine if legal documents, standard contracts, and/or agreements related to purchases should be reviewed by legal counsel prior to initiation of a project.
- (9) With Board of Directors' action, the above restrictions could be set aside (i.e., single source vendors).

C. Anticipated Expenditures – 0323

There will be a recurring agenda item for the Board of Director's meetings titled "Anticipated Expenditures". The Manager will provide a list of items that need to be purchased, replaced, repaired or overhauled. Each item on the list will have a completed "Request For Funding" form, including estimated staff labor costs (hours and dollars) when appropriate and all required documentation.

The Board of Directors will deliberate each item. They may accept, reject, postpone for more information or refer an item to a committee or committees.

This procedure applies to:

- (1) Purchases from Operating Funds that are not recurring in nature that are in excess of \$2,000.00.
- (2) All anticipated expenditures from Reserve Funds.

D. Capitalization – 0414

Tangible assets including property, equipment, or other assets held for investment or used in a company's operations that have an estimated useful life longer than one year and a value in excess of \$1,000, shall be capitalized. An acquired asset should be stated at acquisition cost, including all costs necessary to bring the asset to its location in working condition. Thus the cost of an asset should include its purchase price, sales tax, freight, installation costs, and any other direct or indirect costs such as interest.

Improvements to existing assets that substantially extend the useful life of the original asset, improve its speed, utility, effectiveness, quality, performance, or reduces its operating costs shall be capitalized. The cost of routine repair or maintenance will be expensed even if the funding source was a reserve account.

Expenditures that are capitalized will be depreciated using the straight-line method. If possible, the asset being replaced shall be identified and removed from the asset records. If known, the remaining value of the replaced asset will be written down to \$0.

The General Manager, with the concurrence of the Finance Committee, will make the above determination in a reasonable and consistent manner. Failing such concurrence, the Board of Directors shall make the determination.

E. Expenditures for New Facilities over \$100,000 – 0607

Capital expenditures in excess of \$100,000.00 for new construction of facilities (not including repair, upgrade or modification of existing facilities and/or streets) will be submitted to the Members for a non-binding advisory vote.

F. Prepaid Assessments – 0403

The Prepaid Assessment Account is designated as a Trust Fund. No monies shall be taken from the 'Prepaid Assessment Account' for any purpose before the month they were designated, without the prior approval of the Board of Directors.

G. Assessment Increase Deferral Program – 0511, 0106

An Assessment Increase Deferral Program is established for qualified Owner-Residents. This program will temporarily freeze the monthly assessment when Pima County qualifies the Property Owner for property tax relief. Once Pima County qualifies the Property Owner for tax relief, the payment deferral will cover all future increases in assessments as long as the Property Owner continues to meet the requirements of Pima County's property tax relief program. The increase will be treated as an unpaid assessment. Further, the unpaid monthly increase amount in maintenance assessment will be charged to the Owner's account and accumulate until paid or paid upon sale of the property. A lien will be filed to protect the interests of TEPOA along with any attorney fees related to collection of the deferral. Cost of lien and attorney fees will be borne by the Owner. Late fees will be waived for the increase amount of the monthly assessment. A late fee will still be charged for late payment of the required base monthly assessment (without the increase). This policy applies only to those who meet special qualifications.

To qualify for the TEPOA Assessment Increase Deferral Program the Owner-Resident must present a copy of their Pima County tax relief documents to the TEPOA office and make application. When the General Manager approves the application, the deferral will be effective in the month following approval. The Deferral Program does not run with the property, is not transferable to heirs and assigns and is terminated upon transfer of title to any person or corporation or upon the death of the qualified Owner-Resident.

H. January In-House Cash Audit – 0306

In January of each year, the incoming Treasurer, upon assuming his/her new duties, will conduct a cash audit to verify that all cash reported on TEPOA Financial Statements, for the period ending December 31, are in substantial agreement with the most current statements issued by the financial institutions holding TEPOA funds. The Treasurer will report his/her findings to the Finance Committee and the Board of Directors.

I. Debt Financing – 0103

As a general guideline, interest payments for the use of money are to be avoided. The purchases of property shall be, to the extent reasonable, placed in the next year's budget. When a purchase needs to be made immediately, funds will be taken from any Reserve Funds that are not then allocated or priorities shall be revised to create extra funds.

J. Cost Center Accounting – 0206

Tucson Estates Property Owners Association will use Cost Center (Profit Center) accounting practices to enhance the clarity and transparency of both proposed financial allocations and actual expenditures during a Fiscal Year.

K. Standing Committees Accumulating Assets

Standing Committees are established by the Board and continue until they are dissolved by the Board. The changing of the Chairperson or members does not change the function or responsibility of the Committee. In the event that a Committee accumulates Assets, the Assets are the property of TEPOA.

Reserves

A. Reserve Funds – 0319, 0205

The Reserve Fund categories are as follows:

1. Street Maintenance
2. New Capital Projects and Assets.
3. Major Repair & Replacements. This account is used to replace major items that have reached their useful lives, like water heaters. It is also used for major planned or unplanned repairs. An example would be a replacement tractor.
4. Emergency Account. The Emergency Account shall be a fund of last resort to sustain critical operations functions. A two-thirds vote of the Board of Directors is required prior to any expenditure from the Emergency Fund. The Emergency Account will maintain an upper limit of \$100,000.
5. Special Project Account. From time to time, the Board will create appropriately named special account(s) for identified major projects.

B. Allocation of Interest Income – 9809

TEPOA will allocate interest income to the Operating and Reserve Funds in proportion to the interest-bearing deposits of each Fund. TEPOA will also allocate income taxes against the Operating and Reserve Funds for the nonexempt income which is earned during the fiscal year.

C. Investment Policy – 0417, 0609

These Guidelines shall apply to all funds kept by Tucson Estates Property Owners Association Inc. (TEPOA). This includes the Operating and Reserve Funds and any other funds that may be established in the future.

- (1) Purpose of this policy is to:
 - a. Define and assign the responsibilities of all involved parties.
 - b. Establish a clear understanding for all involved parties, present and future, of the investment goals and objectives for TEPOA's cash assets.
 - c. Offer guidance and limitations to all involved parties for all investments of TEPOA's cash assets.
 - d. Manage cash assets according to prudent standards.
 - e. Establish the relevant horizon for which the investments will be managed.
- (2) Definitions:
 - a. "Operating and Reserve Funds" shall mean the cash held in various accounts.
 - b. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over Fund management or any authority or control over management, disposition or administration of the cash assets.
 - c. "Investment Horizon" shall be the time period over which the investment objectives are expected to be met. The investment horizon for cash investments is not to exceed five (5) years.
 - d. "All involved parties" shall include the Board of Directors, staff, Finance Committee, Treasurer and outside professionals.
 - e. "Custodian", or "Sub-custodian", is the bank or brokerage house being used to hold and invest funds as directed.
 - f. "Securities" refers to Certificates of Deposit (CDs), bonds and mutual funds.
 - g. "Short Term" is generally considered herein as 5 years or less.
- (3) Delegation of Authority
The Board of Directors of TEPOA is the Fiduciary and is responsible for directing and monitoring the investment management of assets. As such, the Board of Directors is authorized to delegate certain responsibilities. At least annually, the Finance Committee will monitor and review investment decisions.
- (4) General Investment Principles
 - a. Investments shall be made solely for the interest and benefit of TEPOA.
 - b. TEPOA's cash shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

- c. Investment of TEPOA's cash shall be so diversified as to minimize the risk of loss, unless under the circumstances it is clearly prudent not to do so.
- d. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

(5) Investment Management Policy

- a. Preservation of Capital - All reasonable efforts shall be taken to preserve capital.
- b. Risk Aversion - The Board of Directors recognizes that some risk exists. Risk will be evaluated regularly to ensure it is commensurate with the given investment style and objectives.

(6) Investment Objectives

The primary objectives in the investment management for TEPOA's cash assets shall be:

- a. Liquidity - To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently. To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the staff and the Finance Committee will periodically review estimates of expected net cash flow.

The Board of Directors requires that all of TEPOA's cash assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently.

- b. Preservation of Capital - To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximizing total return.

(7) Definition of Risk

The Board of Directors defines risk as "The probability of losing money over any time period."

(8) Investment Guidelines

Allowable Investments:

- a. Cash Equivalents (FDIC insured or equivalent)
 - Money Market Funds
 - Certificates of Deposit
- b. Fixed Income Securities (FDIC insured or equivalent)
 - U. S. Treasury bills, notes and bonds
 - Guaranteed and Insured Municipal Bonds
- c. Mutual Funds which invest in securities listed above.

- d. Real estate or mortgage but only to the extent allowed in the Covenants, Conditions and Restrictions, Section 8.13.

Prohibited investments include, but are not limited to the following:

- a. Commodities and Futures Contracts
- b. Private Placements
- c. Options
- d. Limited Partnerships
- e. Venture-Capital Investments
- f. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
- g. Derivatives
- h. Equities
- i. Corporate bonds

Prohibited transactions include, but are not limited to the following:

- a. Short Selling
- b. Margin Transactions

D. Accrued Income Tax – 0324

When each fiscal year ends, the set of accrued income tax transactions for that fiscal year and its resulting Reserve Fund transfer will cease.

3. Administrative Fees

A. NSF Returned Check Fee – 9205

TEPOA will charge a service fee for any checks returned for insufficient funds or other reasons. Such fee will cover all bank charges and TEPOA related costs.

B. Resale Fee – 0601

Arizona Revised Statute §33-1806 Paragraph C defines the procedure for resale notification and the documents to be supplied to the buyer. It also allows TEPOA to charge the member (seller) a reasonable fee to compensate the Association for the costs incurred. The resale transfer fee shall be \$110.00 and the document fee shall be \$75.00.

C. Late Payment of Maintenance Fees – 9607

If the maintenance fee is unpaid thirty or more days after its due date the Association will charge a \$10.00 late fee to the residential unit. See Article XI; Section 2, paragraph D of the Bylaws for additional information.

4. Donation Policies

A. Donations by TEPOA to Other Organizations – 9603

The Board of Directors has placed a cap on the amount of any single donation or contribution to be limited to \$1.00 per residential unit, that being 1,666 units or the equivalent of \$1,666.00.

B. Perks Provided to Non-Members – 9604

The General Manager and the President are authorized to give perks of a nominal value to non-members (for example firefighters) who provide exceptional service to TEPOA.

C. Donations to TEPOA – 0612

The Board of Directors has established a Memorial Fund Account in the Reserve Fund to receive monetary gifts. This account has two sub-accounts: Non-Restricted Funds and Restricted Funds. Non-Restricted Funds may be used for any purpose designated by the Board of Directors. Restricted Funds shall only be used for the purpose intended by the donor and approved by the Board of Directors. Restrictions might include funds for the Circle Area, Golf Course, or other identified purposes.

From time to time, the Board will review requests from residents and/or organizations to establish additional specific donation accounts. If, in the opinion of the Board, such an account will be of benefit to TEPOA, it will establish the account and will have sole authority to determine when and how cash donations will be used. However, donations made to specific accounts must be used to benefit the intended purpose unless the need no longer exists. Further, donations and TEPOA funds may be combined to provide adequate funds to purchase item(s). The Board of Directors may also accept non-monetary gifts, either new or used, for Board identified needs provided the Board, after consulting with the General Manager, determines that the property meets the needs of TEPOA. If the gift is a financial security (stocks, bonds, etc.), it shall be converted to cash as soon as practicable and beneficial to TEPOA. If the gift is Real Property, it may be sold or retained for use by TEPOA if it serves the needs of the community. If the gift is Personal Property, it may be accepted as noted previously. Upon receiving a donation, the gifts will be recorded in a Memorial/Donation Book to be maintained in the Association Office. Notification will be sent by the Association Office to the donor acknowledging receipt of the donation.

The existence of this policy shall be made known to all TEPOA residents by publishing it periodically in the Association Report.

Section IV Administrative Procedures

1. General Manager

A. General Manager's Day-to-Day Communications – 9804

The Board of Directors adopts a policy, whereby all day-to-day business communications between the Board, its attorneys, and/or any outside interests, whether confidential or not, will be directed through the General Manager and/or the Board President.

B. Authority of General Manager to Enforce Rules – 0502

The Board of Directors affirms that the General Manager has the authority, when in his considered judgment immediate action is required to ensure the safety of other residents, homeowners and/or guests, or when there is significant likelihood that serious damage will occur to the facilities, grounds or assets of Tucson Estates, to take whatever action is immediately necessary to prevent such endangerment or destruction of property. An immediate verbal report shall be made to the President, followed by a detailed report of the incident. At the same time, the person(s) involved in the incident will be advised in writing of the actions taken against them and of their right to appear before the Board of Directors to appeal the action.

C. Bingo Policy – 0314

The General Manager is responsible for the preparation and maintenance of related legal and licensing documents for Bingo. A Bingo Club shall facilitate volunteers to help conduct the bi-weekly games.

2. Requests and Forms

A. Request to appear before the Board of Directors.

This form may be obtained from the Association Office. It is used to request items to be placed on the agenda for a Board meeting. Once completed, it is to be returned to the Association office. Requests from members are normally brought to a Board agenda setting meeting and then may be referred to a Standing Committee for consideration or placed on the Board agenda. If referred to a Standing Committee then it may be returned to the Board with recommendations for action or returned to the member.

B. Suggestion and/or Complaint Procedure.

Suggestion and/or Complaint Forms may be obtained from the office. They are used to make comments, suggestions or complaints. Completed forms are to be returned to the office. Forms must be signed. If a complaint is against another member(s), that member(s) is entitled, by law, to know the name of the complainant.

1. The General Manager or Associate Manager formally acknowledges the complaint/suggestion.
2. Staff assigns and copies the complaint/suggestion to an appropriate Standing Committee or staff member.
3. Copies of all complaints/suggestion forms go to the President and the Vice President.
4. Committee Chairpersons or staff writes a response with a copy to:
 - a. Complainant/Suggestor
 - b. President and Vice President of the Board of Directors

C. FHOIF Registration – 9503, 9505

The occupants of each Tucson Estates residence shall complete a current, accurate FHOIF (Fair Housing Occupancy Information Form) or such other form as may replace it, for their residence. No membership card will be issued for any occupant of a residence unless a current, accurate FHOIF is on file for that residence.

For any residence for which there is no current, accurate FHOIF on file, TEPOA will mail a written notice of the absence of such FHOIF to the residence, and to the owner of the residence if a different address for the owner is on file. If a current, accurate FHOIF has not been filed at the TEPOA office within thirty (30) days after the date of the written notice, the owner will be called to an Age Restriction Violation Hearing before the TEPOA Board of Directors. If the Hearing Board determines the owner is in violation of not filing an accurate FHOIF, a Fair Housing Assessment will be imposed upon the owner of the residence, which Assessment shall be equal to the greater of (a.) the actual administrative and legal cost of attempting to obtain a current, accurate FHOIF or (b.) \$10 per day (which amount is determined to be reasonable considering the difficulty of calculating the actual cost) for each day that a current, accurate FHOIF is not on file counting from the date of the written notice.

Whenever apparent falsification of the age for qualifying purposes of any Tucson Estates resident or potential resident is discovered, it shall be promptly investigated. After notice to any involved person and the opportunity for that person to respond, an investigation reveals that any person has knowingly or intentionally misrepresented information about the age of any resident or potential resident, or has knowingly or intentionally permitted such age information to be misrepresented, the Owner shall be called to an Age Restriction Violation Hearing before the TEPOA Board of Directors.

D. Vehicle Identification – 0108

To more easily identify visitors and transient vehicles driving through the community, all TEPOA Residents will be requested to provide the office with the make, model, color and license number of all transportation vehicles used by the Resident. Each Resident will be provided with a window decal, which shall be placed on the outside lower right corner of the rear window of the registered vehicle. Recreation vehicles and trailers are exempted. Numbered stickers will be provided for golf cars at the request of the owner. They are to be displayed on the lower, front, passenger side of the car.

3. Volunteer Activity

A. Association Report Delivery – 0602

The Board of Directors affirms that the volunteers will provide this service. In the event the volunteers are unable to provide this service during the months of June, July, August, September, and October, the Report will be available in the Tucson Estates Office.

B. Volunteers Use of Power Equipment – 0304

Volunteer workers within Tucson Estates may apply to the General Manager to operate “power equipment” in the course of his or her volunteer activities. It is the sole responsibility of the

General Manager to exercise his best judgment in selecting volunteers who are capable of safe and efficient operation of power equipment. The General Manager will maintain records indicating that each volunteer has been given an orientation and training on safe and proper use of said equipment. "Power equipment" shall be defined as all equipment that is motor driven and driver operated, and that does not require the operator to have a valid driver's license.

Only volunteers with valid driver's licenses may operate TEPOA's licensed vehicles (for example Crime Watch Car).

4. R.V. Policies

A. Parking Policy – 0212, 0113

TEPOA CC&Rs paragraph 8.7 prohibits storage of RVs, etc. on any lot. To address the short term parking of RVs that is necessary for loading/unloading of the unit, as well as the occasional visitor who travels in a motor home, the General Manager is authorized to issue a permit that will include a signed and dated acknowledgment by the Owner on whose lot the RV is located. Such acknowledgment shall state that if the RV is not removed within the four days provided for in the permit, such Owner will be charged an extension fee equal to \$10.00 per day for each day after the permit expires, but only for a period of five days.

If the Owner of the lot fails to have the RV removed from the lot after the expiration of the five day extension period, the extension fee shall be increased to \$50.00 per day for an additional five days, at which time the Association shall direct its Manager to impound and tow the RV to the storage yard of a commercial towing company. The Owner of the lot will be responsible for all costs and liability resulting from such action.

Any extension fee or charges incurred by the Association in having the RV towed and stored, is the responsibility of the Owner of the lot and may be collected in the same manner as assessments.

B. RV Storage Policy – 9802, 0410, 0413

To facilitate storage of RVs, TEPOA owns a RV Storage Lot which has spaces available for lease for RVs owned by residents.

Arizona Revised Statute ARS §33-2102, Section 18 defines what a recreational vehicle (RV) means, and any one of these definitions will satisfy the lease's requirement regarding the type of item stored. In order for a resident to lease a RV storage space, they must present with the lease payment a copy of the vehicle's current registration and proof of the resident's ownership of the vehicle being stored at this facility or if the vehicle is not required to be registered, as in a pickup insert, a current photo of this unit must be submitted. The rental fees are paid by residents not more than once in any 12 month period; and secondly, the privilege obtained from the payment of these amounts last for the entire 12 month period and the monies are fully earned and no refunds will be allowed.

The Board of Directors may allow TEPOA Clubs or Organizations such other items to be stored as they deem fit. The General Manager is directed to designate a section of the RV Storage Yard to be used for the purpose of storing utility trailers, boats, boat trailers and auto tow dollies.

Such designation shall not be made to the detriment of availability of space for RV's, motor homes and travel trailers, which shall have first priority of space.

The General Manager is authorized to change the locks and keys for the facility every two years or as necessary.

Section V TEPOA Funded Special Events

1. *Anniversary Picnic – 9801*

The Board of Directors has declared there will be an annual Anniversary Picnic funded by the Association. The date and place of the Anniversary Picnic will be set by the Public Relations Committee.

2. *Ice Cream Social – 9407*

The Board of Directors has declared there will be an annual Ice Cream Social funded by the Association. The date and place of the Ice Cream Social will be set by the Public Relations Committee.

3. *Holiday Open House – 9401, 9801*

The Board of Directors has declared an annual Holiday Open House. The date and place of the Holiday Open House will set by the Public Relations Committee.

4. *Christmas Lighting Contest – 9407*

The Board of Directors has declared an annual Christmas Lighting Contest. The first place winner will be awarded \$50.00, second place winner will be awarded \$25.00, third place winner will be awarded \$15.00, and honorable mention winner(s) will be awarded \$10.00. The judging of the contest will be done by the Board of Directors.

Section VI Rules for the Common Area

See separate publication for Rules for the Common Area.

Section VII Architectural and Building Manual

See separate publication for Architectural and Building rules. These rules provide interpretation and Board authorized exceptions to the rules set in the Tucson Estates Covenants, Conditions and Restrictions.