



FOSCA FOSHA Merger Vote – Q & A

The following questions have been asked either at the recent community forums or by residents that have reached out to me via email, phone, or in face to face conversations since the community forums regarding the proposed Merger of FOSCA and FOSHA. I have assembled this Question and Answer sheet in an effort to share the information with those of you who were unable to attend the forum or who may have similar questions. **FOSCA Manager, John Millar**

If you have already voted can you change your vote?

A: No, votes once received by the association, cannot be revoked or changed. This is in Arizona Revised Statutes and the association election rules, "Once received the by the committee the ballot is irrevocable."

I was told I could not read a 5 minute prepared statement at the community forum, why?

A: All comments were requested to be kept to the three minute limit. The community forum agenda included the note at the bottom: "Please limit your questions to topics in the presentation – one question at a time per resident – 3 minute time limit." No one was denied the opportunity to speak.

If the FOSCA vote fails but the FOSHA Ballot (amended by-laws) passed would the newly passed bylaws take effect? At the community forum they said yes they would.

A: The answer provided at the forum did not correctly reference the ballot language making adoption contingent on the amendment of the 1983 Agreement – if there is no merger the new bylaws will not be adopted. The FOSHA ballot clearly states that "...the Amended Bylaws and Articles of Amendment will only become effective upon final adoption by the Association's board of directors, which is contingent upon amending the 1983 Agreement."

I was told that the annual assessment is going up 10% every year for the next ten years, is this true?

A: This is false, The FOSCA assessment is going up by 9.97% in 2018 however, anyone that says they know definitively that the assessments are going to increase the maximum amount every year is not dealing in reality. The proposed bylaws state: "Annual Assessments shall be based on the budget needs of FOS. Annual assessments may not be increased in excess of ten percent (10%) per year without prior approval of the Members by a majority of the votes cast at a meeting held for that purpose."

Future boards may vote for increases but YOU VOTE FOR THE RESIDENTS THAT SERVE ON THE BOARD, unless you elect people that want maximum increases it will not happen.



Why does the Board have the authority to raise the assessments by 10%? It's too much!

A: The existing bylaws of both FOSHA and FOSCA include the authority to raise assessments by 10% per year without a vote of the residents. It has always been this way and is not changed in the proposed bylaws. Arizona law allows the Board to raise the assessment no more than 20% per year, unless the community bylaws state a lower amount the existing FOS bylaws say 10% and the proposed bylaws say 10%.

At the forum people asked about spending limits. The answer given at the forum was not clear and concise but to refer to the "New bylaws" and the "limitations of the Board of Directors". The Capital Improvement Fund is of most concern. There are NO Limits. Spending limits are ONLY limited to their, 1.Imagination 2. Cash on Hand 3.The access to Creative funding.

A: This is limited by the "Cash on Hand" as with any organization spending is limited to available assets. The primary limitation is that the board cannot raise assessments to the residents more than 10% per year without a vote of the residents. The clear and concise answer can be found in the section 8.3 of the proposed bylaws which was reviewed at length during the forum:

Section 8.3 Limitations of the Board of Directors:

8.3.1 The Board shall be prohibited from taking the following actions outside of the approved and adopted annual budget without the affirmative vote of a majority of the Members of the Association;

8.3.1.1 *Incur a debt for which scheduled payment exceeds one (1) year, on behalf of the Association;*

8.3.1.2 *Sell or acquire real property, except when exercising a lien on a delinquent account or other charges;*

8.3.1.3 *Expend funds for capital expansion or additions to facilities; however, these expenditure limits shall not apply to the funds designated and recorded for the FOS Community Improvement Fund;*

8.3.2 *In the event of a city or state health emergency and safety violation, the association has the authority to secure ownership of a residential unit with purpose to sell and reimburse the expended funds.*

The revised bylaws have more limitations on Capital Improvement than the current bylaws there is no dollar amount specified. The current bylaws of FOSCA approved in 2014 authorize the Board to spend up to \$40,000 per project during any calendar year increasing 5% per year; the limit currently sits at \$46,305. Existing "Cash on Hand" in the association's reserve fund has already been designated for reserves and cannot be used for capital improvements – new stuff; it must be used to maintain the existing buildings, streets and infrastructure. The reference to "Creative Funding" apparently refers to long term debt – another item that is specifically excluded from the board's authority without approval of the residents of the community.

Q: Do I have to sign my ballot envelope?

A: Yes, recent changes to Arizona law require the signing of the ballot envelope.