



## FOSCA & FOSHA MERGER TIMELINE

Following more than a year of cooperation, the Fountain of the Sun Homeowner Association (FOSHA) and the Fountain of the Sun Community Association (FOSCA) Boards of Directors established a joint Ad Hoc committee “to research, plan and present an implementing process, along with recommendations, for the merger of FOSHA & FOSCA, with a report to the Boards by September 1, 2016. The Webster dictionary defines *“merger: the combination of several companies, corporations, etc. into one.”*

Our recommendation follows the Carpenter Hazelwood 2004 legal opinion: Option #2 – Merger. *“This option would merge FOSCA into FOSHA. The new corporate entity would function with one board...the net result would be that one corporation would emerge from the current two. Under this option, the “non-FOSHA” associations in the community such as the condominium associations would continue to exist, they would have the same responsibilities they currently have, and they would continue to have boards of directors...the only difference would be that they would pay their “FOSCA assessments” to the new “merged corporation.”*

The primary reason for using the FOSHA corporate structure rather than that of FOSCA is the declarations (recorded deed restrictions) that already exist in FOSHA corporate structure and do not exist in the FOSCA corporate structure documents.

The committee report becomes a roadmap, with several check points along the way, that when followed will result in a successful merger of the two individual corporate entities that operate today.

- September 21<sup>st</sup> – joint board review and adoption of a **Joint Resolution** regarding the intent to pursue merger based on the August 30<sup>th</sup> committee report. Approval allows development of the Plan of Merger by legal counsel.
- October 18<sup>th</sup> – joint board review of the **Plan of Merger** that identifies specific legal requirements needed to reach a corporate merger. Board approves as the basic merger document to be followed in the merger process. Approval allows development of the **community forum** power point presentation scheduled for 10/24, 11/17 and 12/19.
- Boards’ agree that a **community vote** (for merger according to the adopted Plan of Merger Yes or No) shall take place in conjunction with the 2/8/2017 FOSCA annual meeting ballot.
- An affirmative vote starts the process of updating the corporate structure legal documents as outlined in the plan of merger. Additional votes will be required in order to meet the targeted 1/1/2018 merger effective date.

The Ad Hoc committee is committed to the principals of fiscal responsibility and operational efficiency. We have maintained direct and open dialogue with the respective Boards and legal counsel. Yes, there is an upfront cost for legal consultations – they are a necessity in today’s corporate business world - be accurate up front rather than paying the consequences for an oversight. It is our unanimous opinion that long term benefits of a combined corporate administration, that not only defines the responsibilities but also identifies accountability, far exceed the initial investment. Your vote for **ONE COMMUNITY** will streamline and increase efficiency in Fountain of the Sun.