

AN OPEN LETTER TO THE SERENITY RIDGE HOMEOWNERS' ASSOCIATION BOARD AND MANAGER, AND SERENITY RIDGE RESIDENTS RE: THE DISTRICT O&M FEE

The Serenity Ridge Metropolitan District has begun billing the O&M Fee that the District has for three years explained to the HOA Board was going to be instituted if the HOA Board chose to cancel the prior District tract maintenance agreement. Undeniably, the HOA Board was told during all of the numerous discussions that there would be **NO** other option than to have the District impose this fee. The property tax revenue the District is legally allowed to collect is below the costs of operating and maintaining the District's tracts. Our office is now explaining to upset residents that their HOA Dues used to pay for the maintenance of these District tracts. Evidently when the HOA Board reduced expenses in 2023 by cancelling the agreement, they did not pass those savings on as a reduction in the HOA Dues residents were paying, and this is now causing some confusion for residents. As one resident told me, they now get, "less service from the HOA for the same HOA Dues, but have to start paying a new fee to the District in order to keep the same service they thought the HOA was providing." Very confusing indeed.

To be certain, the District Board (all Directors are District residents too) pleaded with the HOA Board to not cancel the maintenance agreement. The District explained that cancelling the maintenance agreement would mean that residents would be left paying **more than they used to** for the same services covered by the cancelled agreement. This is a simple case of operating efficiencies and economies of scale. Sadly, the logic and economics, even offers of legal and financial incentives, did not convince the HOA Board. They cancelled the agreement despite knowing the inevitability of increased costs to residents. While the HOA Board had the legal right to cancel the agreement, doing so did not relieve the residents of the responsibility for the expense of maintenance in those areas addressed by the agreement. The District has now spent down all reserves, and as was stated at the District's Budget Hearing last year, the O&M Fee must now begin.

I have received several reports that the HOA President has either posted, or has been referred to in postings on social media, regarding the new District O&M Fee. Specifically, I have now heard from some individuals that the HOA President has unfortunately stated that residents do not have to pay the District's fee as it is "illegal" and "unenforceable" by the District. That could not be farther from the truth as the HOA President himself has been

told numerous times, even by his own consultants. If these reported incendiary comments are accurate, for an HOA President to blatantly lie to residents while absolutely knowing better is beyond mere irresponsibility. These ludicrous comments if they have been reported correctly, must cease and a communication from the responsible members of the HOA Board should be sent to all residents immediately to correct the fallacious information being spread in their names as HOA Board Members.

All residents must understand that the District's O&M Fee is a new fee and is separate and apart from the HOA Dues. We will be communicating with all District residents about the factual history and fiscal reasons why this new fee is now necessary, and reminding them that the failure to pay will result in late fees and other legally-mandated penalties available to the District as a quasi-governmental entity. I would imagine that many residents will begin asking the HOA Board for a better explanation as to why the HOA Board ostensibly chose to place their neighbors into this position, but those motives are neither the District's responsibility, nor prerogative, to address.

As the HOA Manager, and on behalf of the residents of the HOA searching for reliable and accurate information, I would encourage you to quickly communicate with residents so that they understand the District's O&M Fee is not optional. While only the HOA Board could have prevented the creation of the fee at any time during the past three years, it has no control over the fee now. The Serenity Ridge residents that you and I both serve are the exact same people, and it is time that they be offered the appropriate level of truthfulness by the HOA Board, that they have been shown by the District Board.

Thank you,

David Solin

District Manager