



O and M fee Statement for District No. 1

An O & M Fee resolution was executed and approved by the Board of Directors July 10, 2007. In order to account for a proportionate share of the administration, operating and maintenance costs of the Districts, the assumption of covenant enforcement and certain pool, amenities and park and recreation improvements and services and other responsibilities of the District, the property owners in Districts Nos. 2-5 voted to increase their mill levy by five (5) mills by election rather than impose a fee on their districts. In lieu of the five (5) mill increase in District No. 1, the boards of directors established an Operations and Maintenance Fee ("O&M Fee") was established to account for these proportionate costs to be assessed against each residential dwelling unit within District No. 1. At the request of homeowners within District No. 1, an election on November of 2009 was held to try to eliminate the fee and raise the mill levy to 35 mills, however, the ballot measure failed and the fee continues to be imposed in District No. 1 and upon out of District pool and amenities users to pay for the costs of administration, operations, and services and facilities provided to these users.

Initially the O&M Fee for District No. 1 was intended to be the equivalent of 5 mills on each property. The Board of Directors voted to set the fee initially at \$120 beginning in 2008 as an average measure of 5 mills on a \$300,000 home with allowances for annual increases to match cost of living increases. No adjustment to the fee has occurred since inception through 2011.