

FLYING HORSE METROPOLITAN DISTRICT NO. 1

December 14, 2023

To Flying Horse Metro District #2 and #3 Boards:

On behalf of Flying Horse Metro District #1 Board, please find enclosed:

- **Invoices for FHMD 2 and FHMD 3** prepared by FHMD 1 accounting which show the O&M monies due to D1 as of 9/30/23, less amounts transferred in September:
 - Flying Horse Metro District 2 owes \$103,677.90
 - Flying Horse Metro District 3 owes \$62,730.78
- **Claims list from FHMD 1 accounting.** This includes payments made for O&M from 1/1/23 to 11/30/23 and all items have been approved by the FHMD 1 Board. All items are for the benefit of the entire Flying Horse community. These amounts are within the O&M Budget for 2023.
- **Proposals on repairs or maintenance items** which FHMD 1 would like to authorize but will require a transfer of funds from FHMD 2 & 3 prior to commencing. These items are vital to the safety of the community and would have been approved and completed by now if not for FHMD 2 & 3 failing to remit the required transfer of O&M monies.
 - Playground Safety Solutions - estimated cost \$4,620 for repairs in Barefoot, Lizard Leap, and Turin parks
 - Sunflower Landscapes - estimated cost \$10,855 for sidewalk repairs along Old Northgate

The amount receivable by District 1 as of 9/30/23 is \$166,409. The timely transfer of these funds is required pursuant to the Districts' Intergovernmental Agreement (IGA), the Consolidated Service Plan, and the approved 2023 budgets. The timely and certain transfer of funds is also the only way for FHMD 1 to effectively manage its responsibilities with any reasonable level of planning or certainty of cash flows. The disruption caused by FHMD 2 & 3 failing to remit O&M monies this year is a significant detriment to the community. The divisiveness and uncertainty factored significantly in how FHMD 1 approached its budget for 2024, resulting in less sure funding for the core needs of maintaining and enhancing our community. As the FHMD 1's cash position dwindles further, we must contemplate cutting services and closing parks in order to incur only the minimum of maintenance needs.

The budgets that Districts 2 and 3 approved for 2024 are detrimental to the community.

- If you believe that the \$869,400 in your budgets to be transferred ("reimbursable to" in your language) to District 1 are what we need to take care of this community or are what we asked for: you are not paying attention. Neither are you appreciating or valuing what is needed to maintain this community at the standard we all desire.
- Jointly in FHMD 2 & 3: \$512,000 in General Fund Contingencies. This represents an unallocated 30% of the total budgets, which the taxpayers of the community deserve to understand the rationale behind. It is clear FHMD 1 can't reasonably anticipate receiving these necessary funds to operate and maintain the community, which further cripples and disrupts operations.

- Whereas we have historically spent about 10% of the total operating budget on general administrative type costs and 90% on the actual operations and maintenance, you all have approved 45% for G&A and unidentified contingency.

Further, the objections to District 1's budget, submitted to us at the budget hearing 11/28/23 (despite our budget being in your hands since 9/15/23), are illogical at best but do convey your deep lack of understanding as to how the Districts operate and what FHMD 1 is responsible for and actually accomplishing despite the debilitating maneuvering undertaken by your Boards since May. Without going item by item through the submitted objections, suffice it to say: it is impossible to take this communication seriously given your fundamental misunderstanding as conveyed by such statements as:

- The payment of hundreds of thousands of dollars for services "requires no accounting oversight."
- "We fail to see that there is anything that a purported manager of District 1 actually manages...there is nothing to manage".
 - Our board thinks this \$10,000 is a reasonable fee for the work Hammersmith does in keeping things straight between the HOA and districts, responding to resident concerns, managing repairs and maintenance items, managing the snow removal contract, reviewing and allocating dozens of utility bills, among other services.

Your objections also disregard the legal structure of the Districts and the fact that District 1 has no source of revenue other than transfers from Districts 2 and 3. District 1's purpose is to use those resources for the benefit of the entire Flying Horse community.

Failure to remit the requested funds will continue to severely impact the ability of District 1 to responsibly honor its obligations and maintain our parks and common areas. Your actions since May have endangered the well-being and vitality of the entire community by completely convoluting the process which has been in place for years and allowed for effective and efficient planning and management. Virtually all actions and incredible amounts of time spent by Districts 2 and 3 this year have been divisive, disruptive, costly, and non-productive and have done the opposite of what we have tried to do all these years: build community.