

IMPORTANT ANNOUNCEMENT FOR ALL PDS POA OWNERS

This correspondence is intended to inform all PDS POA owners of the realities of our current legal and financial situation that are a consequence of the termination of the Pueblo del Sol Covenants, Conditions and Restrictions ("CC&Rs"). The most significant change to the structure of the PDS POA is that there is no longer a mandatory membership or dues requirement, as those were established in the CC&Rs. Furthermore, our community is no longer subject to the laws set forth in the Arizona Revised Statutes Title 33, Planned Communities Act. Now PDS POA exists as a private non-profit corporation, operating as a voluntary Association of lot owners with a significantly more limited purpose generally to own, operate, maintain and insure the Common Areas (aka: Equestrian Way and Wildlife Refuge) in the heart of our community.

However, the loss of mandatory membership and dues obligation directly effects the PDS POA's ability to meet its obligations with respect to the Common Areas. Simply stated, failure to acquire sufficient voluntary financial support will result in the Board of Directors ("BOD") having to initiate actions to dissolve the PDS POA and surrender the 77 acres of Common Areas to another non-profit entity or division of state or local government. In particular, surrendering the Common Areas to a third party would mean this property would no longer be owned and controlled by the PDS POA. Future use would be unknown and could be detrimental to the property value of the community as a whole.

In FY 2019, 183 owners voluntarily paid \$50.00 or more. It was only thru these voluntary contributions that PDS POA managed to raise sufficient funds to sustain operations so as to continue maintenance and protections of the Common Areas these past 12 months. These contributions not only served the best interests of those who paid, but also those of the entire community.

Based on recent consultation with legal counsel, and the consequence of termination of the CC&Rs, that membership in the PDS POA is in question on March 11, 2019, the present BOD made formal findings as to the status of the PDS POA as follows:

- The principal function and purpose of the PDS POA based on the corporate By-Laws and Articles of Incorporation is to manage the Common Areas for the benefit of the community. This includes paying for grounds maintenance, liability insurance, and property taxes.
- The current PDS POA BOD remains the governing authority of the Corporation.
- Membership in the PDS POA is no longer mandatory, as the obligatory membership attached to ownership of a lot in Pueblo Del Sol terminated with the CC&Rs. In other words, lot owners cannot be forced to be members without their consent. Consent may be expressed or implied. Any implied consent based on ownership of a lot before the CC&Rs were terminated is now legally uncertain, and will not apply to any new owners of lots since the termination of the CC&Rs.

Therefore, on March 11, 2019, the BOD voted to establish the following membership conditions as to provide a clear path and procedure for lot owners to consent to membership.

1. Every owner in PDS POA is designated an "Eligible Member" and can voluntarily agree to become an "Active Member".
2. Each lot is afforded the option of one active membership regardless of form of lot ownership and number of owners or occupants in the residence.

3. Acceptance of PDS POA active membership will be done in writing and must be accompanied by the full FY dues. The active membership is for one FY only and is renewable each subsequent year by paying the following year's annual active membership fee.

4. The amount of the active membership fee is established annually by the BOD. All active members shall pay an equal amount based on the total operating costs.

5. Eligible members may become active members at any time during the FY by payment of the full annual membership fee regardless of the date they join. There will be no pro-rated membership fees for new active members.

6. Active membership in the PDS POA affords each lot the right to vote on those issues as required in the By Laws and Articles of Incorporation; voting for Directors and Officers; to participate in the management of the PDS POA thru election or appointment to Board of Director, Officer, Committee or other positions as assigned and approved by the BOD. All active members may attend and participate in meetings of the BOD and all events, and activities.

7. The PDS POA has no authority over the activities, conditions, or usage of the privately-owned lots. Lot owners must comply with individual Cochise County ordinances and restrictions as well as State and Federal laws. The PDS POA encourages all owners in the Community to have "pride of ownership" in their individual lots.

Furthermore, the BOD decided to initiate the process of amending the governing documents to reflect the current realities following the termination of the CC&Rs.

In order to preserve and continue the operation of the PDS POA in FY 2020 (July 1, 2019 to 30 June 2020) we need \$12,840.00 dollars. A preliminary budget is attached. The PDS POA continues to operate on a zero-budget basis which means that only sufficient funds are collected to meet that year's expenditures. The BOD cannot predict how many owners will choose to become active members in FY 2020. If at least 174 owners (more than 50%) agree to accept an annual fee of \$60.00, coupled with the estimated remaining funds from FY 2019, we can meet the necessary expenses in FY 2020. This is a one-year non-refundable active membership fee only and there is no obligation to continue active membership the following FY. Ideally, if more than 174 sign up, the additional funds collected will be used to lower the following year's fee's. A membership drive will be presented to all owners in May-June 2019.

In the event less than 174 members sign up as of July 15, 2019, the PDS POA BOD will then, regrettably, begin formal consideration as to the initiation of the process to dissolve the PDS POA corporation and surrender the Common Areas per the PDS POA By-Laws and Articles of Incorporation, and applicable Arizona Law. The common areas will have to transition ownership to a non-profit entity or state/county government agency. The impact on everyone's individual interests and lot value is unpredictable but likely will result in a gradual degradation of our community in appearance, as well as its overall value.

We urge you to consider active membership in the PDS POA. Non-support is detrimental to every owner in our community. Loss of the Common Areas leaves us all vulnerable to changes and activities that are not foreseeable. This will degrade our community and impact property values and resale potential. The current high quality of PDS POA will be lost. The annual membership cost is minimal and the payback is beneficial to all in the future.

Thank you for your attention and serious consideration.