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From: "Dustin Frederick" <dustin@local519.org>
Date: Monday, April 29, 2013 9:21 PM
To: "Gwyn Staton" <gwynstaton1@msn.com>; "Bob Wilbur" <bbwilbur@broadstripe.net>
Subject: RE: ballot

Bob---go ahead and send it---it is not undermining any conversation I have had with Ed. I think you are correct---the mortgage is the only funding method that has a reasonable possibility to pass and the Board must commit to using a bill collector to collect dues if people fail to pay.

Right now ---there is no "will" on the part of the Board to go after the people who fail to pay.

Quite frankly---I'm a little depressed after hearing the report karen brought back from the bank. If we can't show a reliable cash flow to pay the debt service ---we won't get loan and if the current Board presents a hopeless and pessimistic attitude to the bank about collecting dues money---we're sunk. I thought the Close lawsuit would resolve this---but obviously it has not.

Dustin

From: Gwyn Staton [mailto:gwynstaton1@msn.com]
Sent: Monday, April 29, 2013 7:53 PM
To: Bob Wilbur; Dustin Frederick
Subject: ballot

I agree there is no way to pass 1500 and I do not understand how we got here!
We were going to do a tiered assessment.
I suggested to Susie we give 10 percent discount for immediate payment and people could pay the entire hit and then we can pay down the loan or fund those who will pay late.

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From: bbwilbur@broadstripe.net
To: dustin@local519.org; gwynstaton1@msn.com
Subject: question
Date: Mon, 29 Apr 2013 18:34:17 -0700

Dustin, here's my thing I'd like to send to Ed and Suzie if it's not undermining your conversation with Ed. Gwyn, thoughts?

Hi Ed and Suzie,
I understand the Board is considering two pool-funding ballots, as Dustin explained to Gwyn and me in the email below. What I suggest for balloting is not two pool funding options but one. While I understand the well-meaning intent, I suggest that ballot strategy is flawed because the $1500 single-hit option has significant inherent risks, and may end up deep-sixing the pool even if approved. On the other hand, the financing option seems to be the only option that would save the pool. Let me explain why.

The two options to fix the pool are (1) collect *all* the needed funds from the members now, or (2) take out a loan to fix the pool now and let the members pay the loan off over years. Let's look at four scenarios, all based on the current ~450 members in "good standing" (GS). The total needed is about $675,000, which when divided by ~600 members = $1,125/member, but assuming only GS members will pay, the amount has to be increased to $675,000/450 = $1,500/GS member.

Option 1: collect all the needed funds from the members now or $1500/member

Scenario A: The plan goes out for a membership approval vote. The cost is about $1500 per household. The ballot measure is approved by a narrow vote: say 250 of the ~450 GS members. Time to collect. Oops, ~150 of the 450 GS members don't pay the assessment, those 150 members being composed partially of the some of the 200 who voted against the pool and some who voted for the pool but cannot raise the $1,500. So, we end up $225,000 short ($1500 x 150). Payers want money back, but those funds must be used to decommission the pool, so they get only a partial rebate. End result: chaos, pool is decommissioned.

Scenario B: The plan goes out for a membership approval vote at $1500 per household. Too many pool families who support the pool, cannot afford that single hit and are thereby forced to vote against the pool. End result: Pool is decommissioned.

Option 2: take out a loan to fix the pool now and let the members pay the loan off over years $340 ($140 for operations + $150 for debt service + $50 reserve).

Scenario C: The dues increase is not approved (however, this is less likely to occur than

Scenario B because more members supporting the pool will be able to afford the dues increase than the $1500 one-time hit). End result: Pool is decommissioned but at least if failed against the best choice (Option D below).

Scenario D: The loan option is approved by the GS members. However, not all of the 450 GS members will pay their dues, but many more will than in Scenario A because the amount is much more affordable. If 60 members stop paying dues, the shortfall in the debt service will be 60 x 150 = $9000, but the 390 that do pay will have provided a reserve of 390 x 50 = $19,500, which more than covers the shortfall. Even if 113 of 450 GS members didn't pay their dues, the reserve and shortfall would be both equal at $16,875, the wash point. And even if the shortfall exceeded that amount, dues increases at 10% annually could supplement to help meet the mortgage obligation. But even, if we were looking at the very unlikely situation of foreclosure, other means might keep that from happening (e.g., donations), but if foreclosure were to happen, the bank would have to sell the property, and it seems likely that the pool could still be available via new owner(s). End result: Very likely that the pool survives.

Analysis and Conclusion:

Only one of the two options should be presented in a single-ballot vote, the better of the two. Option 1 is inferior because, even if approved, it involves a high risk of falling short of collecting the necessary funds. Clearly Option 2 provides the best (an maybe only) chance of pool funding being approved because it ensures that all of those who support the pool repairs to be able to afford to do so. Therefore, Option 1 should be scuttled as inferior to Option 2.