

## PROPOSED BY-LAWS CHANGE REGARDING CAPITAL FUND

Nothing in the current by-laws addresses capital needs of the pool regarding future replacement of existing structures due solely to age or a catastrophic event not covered by insurance. The by-laws do require the board to provide for the future of the pool and in that vein, we propose that some change be made to increase the existing capital fund.

The by-laws do allow for money to be deposited into the fund but only in the following instances:

1. New members must pay \$210 in the first year of their membership in addition to their annual dues and,
2. Fund raising money

Historically there was turnover of 1/3 of the members each year. At \$210 per member that would be increase the fund by \$12,600. However, in the last three years the money from new members was:

1. 2020 \$6,100 (new member fee \$100)
2. 2021 \$2,275 (new member fee \$175)
3. 2022 \$4,200 (new member fee \$210)

Between all those years, a little under the projected \$12,600. If this trend continues, our fund will eventually dwindle and leave the pool unable to open or to open without the Little Dipper charm. The pool will celebrate 70 years in 2024 and I think it is pretty apparent that our little pool is aging and we will need to evaluate these structures and plan for their improvement/update or replacement at some point. Best to plan now, rather than when it causes a lot of heartache and maybe much bigger dollar amounts.

The board puts forward these 5 options (you will want to choose only 1):

1. Current balance in capital fund \$48,316.80 should be enough along with keeping new member fee as is will be enough and no change should be made to the by-laws.
2. Every year Treasurer shall prepare budget to have a \$15,000 excess to be accumulated in the capital fund to increase fund for needed improvements to the association. May or may not increase annual dues depending on projected budget.
3. Every year Treasurer will calculate needed capital fund balance equal to 70% of replacement value of older assets of association. Replacement money for newer assets will be added once they reach  $\frac{1}{4}$  of their age. New member dues will be deducted from the shortfall to arrive at amount to be shared among existing members, including board members. If there is an overage, it will be retained and no capital assessment will be made. (See example)
4. Begin implementing a new membership structure whereby members must pay a buy-in of \$1,500 and then must pay annual dues each year. The \$1,500 buy in must be retained in the capital fund and used solely for the improvement of the pool. A committee will need to be formed to determine best use of the money based on member wishes/suggestions and immediate replacements or improvements. Other rules and requirements of this new structure will also need to be created. Issues regarding buyback or sale will also be outlined if this is determined to be the wishes of the members. Would remove new member fees as outlined in by-laws.
5. Gradual implementation of new membership structure beginning with new members ONLY in 2023 with the \$1,500 buy-in. Same requirements as number 4.

Reserves Review 3rd bullet

ASSET	SIZE (IF KNOWN)	CURRENT AGE	EST COST TO INSTALL	2022 COST TO REPLACE (1)	WHEN IT MIGHT NEED TO BE REPLACED	% TO HOLD IN RESERVE (2)	RESERVE \$ AMT
Pavilion		40	15,000.00	25,000.00			70% 17,500.00
Guard Shack (4)	8 X 12	20	2,000.00	8,000.00	soon		70% 5,600.00
Supply Shack (4)	8 X 12	20	2,000.00	8,000.00	soon		70% 5,600.00
Pump House	176 sq feet	46	10,000.00	30,000.00	Unknown		70% 21,000.00
Boiler	NA	40	15,000.00	28,000.00			70% 19,600.00
Bathrooms	400 sq feet	32	18,000.00	52,000.00	Unknown		70% 36,400.00
Fencing		30	2,000.00	5,000.00			70% 3,500.00
Swimming Pool (3)		68		15,000.00			70% 10,500.00
<b>TOTAL TO BE HELD IN RESERVE</b>							<b>119,700.00</b>
Items to exclude, evaluate in future							<b>PROJECTED CAPITAL FUND BALANCE</b>
Parking lot(s)							Current Balance - see bank 48,316.80
Sprinkler System							New Member Fees (6) 4,200.00
Plumbing Equipment							
Pool decking							Projected Capital Fund Balance <u>52,516.80</u>
							Shortfall <u>67,183.20</u>
Future Assets							Per member cost(5) <u>321.45</u>
TBD							

1 Should or should not include update to code? Should include labor.

2 Current bylaws requirement not set. Some research shows 70% and other research shows 100% in reserve.  
Can be changed at discretion of members.

3 Based on research this may not ever need to be replaced but rather just have concrete work done periodically.

4 Used shed pricing from internet. May not include labor to construct or if concrete is needed that also is not included.

5 Current member number of 209 - includes board members

6 Number will change each year depending on new member count. Used 2022 new member fees as example.