**Virginia Hills Pool Assessment Background**

The board of directors of the Virginia Hills Pool proposed a $500 assessment paid over two years at the annual meeting in November 2017. The reasons for the assessment are as follows:

* To cover needed pool repairs:
	+ The largest being the need to redo the white coating of the pool. The white coating is the base of the pool and it requires being replaced every 8 to 10 years. You can tell it is needed based on the staining that was unable to be cleaned as well as the rough texture on the bottom of the pool. The process of replacing the white coating requires the existing pool base to be chipped out and new plaster applied to the bottom of the pool. This work will cost the pool $30,000. The board did bid this work out and Titan Pools (our new management company) was the lowest bid.
	+ Other repairs on the horizon are:
		- Improved pool lighting
		- New water heater
		- Bath house updates
		- Fence replacement
		- Deck repairs
		- Chair restriping
* To service our existing debt:
	+ We had a $30,000 bond that a long time pool member loaned to the pool in 2009. That bond was called early last year and the bondholder was willing to work out payments. Our final payment for this bond will conclude in 2018.
		- This bond call removed what we were holding as our reserve fund.
	+ We also hold a bank loan that was a fixed rate loan with a balloon that was coming due. (This is a loan taken out for pool renovations in 2009.) We were able to renegotiate that loan last year but our rate increased due to current interest rates.
		- This loan needs to be serviced year-round and is another reason why we need to have available funds all year.
* To create a Reserve Fund:
	+ We typically start each calendar year with an operating fund balance of $26,000 to $30,000 which covers paying member buy-outs ($6,000-$15,000 a year), daily operating expenses and unexpected maintenance expenditures, which can be costly for a pool. We need to build a Reserve Fund for capital expenses (i.e., white coating the pool). For example, Commonwealth Pool, a neighborhood pool close to us, just went bankrupt due to a large, unexpected expenditure and had no reserves to cover themselves financially.

At the end of the 2017 season, we had net revenue of just over $12,000. The board felt that this was too low as we typically aim for $30,000 and we did not have the money to cover the white coating expense, hence the decision for the two-year assessment of $500 ($250 per year).

In 2018, our estimated budget has $150,000 of gross revenue with $128,000 of expenses. If you include the estimated revenue gain of $46,000 due to the assessment and subtract out the White Coating expense as well as the bond repayment, this leaves us with $28,000 in net Revenue barring any other repairs. This is below the level that we prefer but will allow us to be ready and prepared for the next season.