

**Why are we voting on raising the maximum annual assessment instead of having a special assessment?**

According to the CC&R's, a special assessment must be paid **in full** in the year the assessment is passed. With a special assessment, each homeowner would have to pay around \$2,000 in one year just to pay for construction. On the other hand, raising the annual assessment allows us to finance the construction, spreading the cost over many years, and provides money to cover increased operating costs associated with reopening the large portion of the building that has been closed.

**How are we going to finance construction?**

We will finance the construction with either bank or bond financing. We already have offers from banks to provide us with a twenty year amortized loan. This scenario was used to calculate the amount the maximum annual assessment would need to be raised. While bank financing is affordable, we continue to explore other financing options that could substantially reduce the cost of a loan. If such financing is obtained, the savings would be passed on to members in the form of lower assessments.

**Are we mortgaging the recreation center?**

No. The loan we are looking at is not a mortgage and so is not subject to the requirements for a mortgage specified in the CC&R's. No Mountain Park property is being put up as collateral for the loan. Banks are willing to give us a loan secured by the cash flow stream based on our sound financial position and 40 year history of collecting assessments.

**When would assessments be set lower than the maximum? Has that ever happened before?**

Absolutely! That's the case right now. In March 2008 members of the association voted to raise the maximum annual assessment based on the CPI. However, the board voted to leave the 2008 assessment at the 2007 level because increased efficiency in operations made an increase unnecessary. Doing a renovation will certainly result in an increase in assessments, but we hope to be able to once again hold the actual assessment below the new maximum when construction is completed.

**Will the maximum annual assessment (MAA) go up by \$13.25 per month for a house every year?**

No. We are asking for a one-time base increase in the MAA. This single increase will carry forward to future years. That is to say, for a house, the MAA will go up by \$13.25/month or \$159.00/year, first applied in 2009. In future years the MMA would remain at this new level except for the small, automatic increase for inflation that is based on the CPI. To reiterate, the MAA will NOT increase by \$159.00 each additional year.

**Will the increase in assessments end when the loan is paid off in twenty years?**

Not automatically. Remember that members are being asked to raise the maximum annual assessment (MAA) to fund the renovation. The MAA is simply a limit that the board cannot exceed when setting the actual assessment that members pay. The board can always set the actual assessment lower than the

MAA just as they did this year. So, when the loan is paid off twenty years after construction is finished, the board in place then will be free to lower assessments. What they do will depend on circumstances at the time, something we cannot predict today. Additionally, IRS rules require the Board to apply any excesses in revenue, not needed for reserves etc., to the following year's member assessment.

### **How did the board decide what to include in the renovation?**

We began by having a series of focus groups involving 120 randomly selected residents last year. The mix of amenities that the focus groups indicated our residents desired matched what other centers are including and was consistent with published trends in fitness. We also had town hall meetings, small group meetings, one on one meetings and hundreds of e-mail exchanges. All of these sources led us to the amenity mix that the community wanted. With these varying sources of information in agreement, the board is confident that the selected amenities best serve the broadest cross-section of the community.

### **Wouldn't it be much cheaper to simply replace the existing 50 meter pool?**

No. That option was evaluated by our pool consultants. A 50 meter pool would cost approximately \$700,000 more to build and about \$200,000 more per year to operate. Because of the greater volume of water, the utility costs would be much higher than for the two smaller pools proposed. Also, a lap pool has much less potential for generating revenue to help offset operating costs. Area recreation centers generate much more income for their leisure pools than from their lap pools.

### **Since the pool is the problem, why don't we just fix it for the \$1,200,000 the construction plan indicates a new pool would cost?**

First, the pool is not the only problem. There are other problems such as water intrusion & rot that must be addressed. It is imperative that we protect what we have before doing other things. As far as the pool goes, it is not possible to just replace it for the amount given in the itemized list of costs. There are other associated costs such as demolishing the old pool, repairing the pool enclosure, and replacing the electrical / mechanical systems that are needed to operate the pool. Also the pool area must be air-conditioned to prevent rot in the wooden pool enclosure. So, the total cost for replacing the pool is includes several other items, not just the new pool line item. Doing other things like installing a sport court & fitness area as well as air-conditioning the entire building is comparatively inexpensive when done in conjunction with pool replacement.

### **Will three lap lanes be enough?**

Three lanes would seem to be more than adequate for a community of our size, when you compare our pool to what is available elsewhere on a per capita basis. Our 8,000 residents will have access to three lap lanes for a ratio of about 2,700 residents per lane. By comparison, Tualatin Hills Parks and Recreation in Beaverton provides one lap lane for every 5,000 – 6,000 residents. In Portland, the ratio is almost 20,000 residents per lap lane. Based on this the number of lanes would appear to be sufficient.

Furthermore, our lap pool will be detached from the recreational pool, permitting independent regulation of the temperature. That is something not found at many area pools.

**Why should I vote for the renovation when I am not certain that classes that interest me will be offered or the facility will have the exercise equipment I prefer?**

If the renovation is approved, we have ample time to deal with a whole host of issues such as what classes to offer, what equipment to place in the exercise area, what the pool hours will be, and what the guest policy will be. Changing any of these requires nothing more than a decision by staff or the board. However, if people require that all these details be worked out to their satisfaction before they will support the renovation, then most likely there will never be a renovation. For this to be a success, it is important for residents to vote for the renovation plan, and then work with us to run the center in a way that best serves the community. Withholding support until small issues are remedied will not result in an improved renovation plan; it will result in no renovation at all.

**Will members have to pay any fees to use the new facilities such as the pool?**

No. All residents of Mountain Park will have full access to the renovated facility at no charge.

**Is there anything in the renovation for those that don't swim or exercise?**

Yes. The reorganization of the fitness areas will allow us to move the exercise room on the main level to the fitness areas downstairs. That room will be converted to a medium sized social area where smaller social events such as parties or club meetings can be held. Also, a supervised youth room will be added downstairs. All of the spaces will be air conditioned. These improvements cost very little. They are possible because the gymnasium and exercise equipment will be moved into the current pool area alongside the smaller pools.

**Can we afford to operate the facility once it's renovated?**

Yes. Much planning has gone into operations. One would expect that utility bills would soar once pools are opened, but that is not the case. The energy inefficient systems from the 1960's are being replaced with modern, high efficiency systems. Lighting fixtures are being replaced. The energy savings from these improvements will greatly offset any increase in energy consumption following renovation. The recreation center is currently in the bottom 10% of all building as far as energy efficiency is concerned. After the renovation, it will be in the top 35%.

The main cause of increased operating costs will be the need to hire additional staff such as lifeguards. Much of the cost of these staff will be covered by increases in non-assessment revenue.

**Will fitness classes still be free to members after the renovation?**

Yes. We experimented with offering free fitness classes to our members beginning January 2008. The result was a dramatic increase in participation. We envision expanding free classes to use the new areas such as the pools. The estimates of future operating costs include funding for those classes.

**Will renovating the recreation center affect other things like landscaping, trails, and parks?**

No. No money will be diverted from other areas to pay for the renovation. The proposed increase in the annual assessment should provide adequate funds to do the job.

**Should we be embarking on an expensive renovation when the economy is bad?**

We know that today's economy is unsettling to many. The question is whether or not the *current* state of the economy should influence people to vote against the renovation. We don't think so. We all know that the economy fluctuates from year to year. Some years are good, some are not. The cost of renovation will be financed over at least 20 years. Even if the economy were booming right now, it is virtually certain that we would go through at least a couple of economic slowdowns before our renovation were paid off. It's doubtful that anyone would worry about that. If they did, no one would ever incur long-term debt because the economy might be bad at sometime during the life of the loan. So, we don't believe that unease over today's economy justifies not proceeding with the renovation which involves long-term financing. The cost to an individual homeowner in any given year is relatively modest.

There is actually a benefit to renovating while the economy is down. Renovation will be less expensive. The ailing economy has impacted the construction industry. Construction is no longer booming as it was a couple of years ago. Construction companies are hungry for business. That should enable us to negotiate a more favorable construction contract that will reduce our costs. Right now, it's a buyer's market. Interest rates are also at historically low levels, which will reduce the cost of financing.

**If members approve the renovation plan, when will construction be complete?**

Right now we anticipate that construction would be complete around November 2009.

**For how long will the clubhouse be closed for during the renovation?**

The biggest part of our renovation happens in the swimming wing, already empty and unused. So, it's doubtful the clubhouse will be completely closed at any time during the work. When spaces need to shut down for equipment installation or whatever, the periods will be short and the rest of the building will remain wide open.

**Where can I get more information?**

There is a great deal of information on the Mountain Park website at [www.mountainparkhoa.com](http://www.mountainparkhoa.com). It includes the actual renovation plan as well as a number of reports used to develop it.