



Meadow Creek Condos

November 10, 2005

Dear Meadow Creek Association Member:

Pool Project

It became apparent some years ago that our existing pool complex would need to be replaced. The Board began working in earnest on plans for replacing the pool three years ago. Since that time the replacement of the pool has been discussed at four discussion meetings at the beginning of 2003, at two additional discussion meetings in April, 2004, at the special Association meeting held May 22, 2004, and most recently, at the two informational meetings held last month.

Based on careful study of the issues and on thorough review of the input of Association members, the Board proposes the following, which will be voted on at our Association's annual meeting on Saturday, December 3, 2005:

Proposal for Replacement of the Pool Complex

- 1. Design.** Attached is a copy of the design for the proposed pool complex. On the back is a cross section of the pool complex as proposed.

The Board has worked hard to take a balanced approach to the design. The goal has been to come up with a design that is not "bare bones" but is also not "too fancy." We believe that we have achieved a reasonable balance between these two extremes. We also believe that we have come up with a design that offers a variety of things to the residents of Meadow Creek:

A new pool of a size and design, which should be very enjoyable for swimmers,

A new wading pool for small children,

A shaded sitting area for residents who may enjoy being around the pool, but do not want to go swimming,

A plaza area for Association social events in the summer, and

Around the plaza, tables and seating for those second-floor residents who would like a place to sit outside and/or to barbeque.

- 2. Pending Design Changes.** Out of the information meetings in October came a number of suggested design changes. Some have since been included in the design for the project. The following are the changes, which the Board will consider including if the project is approved at our annual meeting:

A four-foot extension of the pool. This would result in a pool which qualifies as a "lap pool." This will be done if the cost is small relative to the overall project.

Solar panels for heating the pool. This will be included if there is a reasonable payback on the extra cost.

- 3. Scope of Work.** Attached is the scope of work for the project. It is a detailed description of the work, which comprises the project.
- 4. Estimated Costs.** Attached is an outline of the estimated costs for the various components of the project. This is an estimate and not a commitment to spend Association funds. If the project is approved, every effort will be made to obtain the best value with the lowest costs.

You will note that the work is divided between the Association and a general contractor (to be selected). The Association list of items are components of the project, which can reasonably be done directly by the Association, so as to avoid the costs related to having a general contractor include the items in their contract.

- 5. Special Assessment.** To cover a majority of the cost of the pool project, the Board is proposing a special assessment of \$480,000. This is a decision that we have come to reluctantly. However, it appears to us to be unavoidable. Please understand that this is a special assessment, which Board members would have to pay right along with every other Association member.

As you will note, a special assessment of \$480,000 is \$85,000 less than the estimated costs of the project. This estimated \$85,000 along with any unexpected extra costs (which we will work very hard to avoid) will come from the Association's replacement reserve.

- 6. Payment Options for the Special Assessment.** The Board is proposing two options for payment of the special assessment: (a) payment in full by April 20, 2006, or (b) payment of one third by January 20, 2006, with the balance payable in eleven (11) monthly installments from February 20th through December 20th. Attached is a schedule, which shows what the total special assessment would be by type of unit. It also shows what one third of the special assessment would be and what the eleven (11) monthly payments would be.

Regarding payment in full, the Association would send out reminder notices on March 20th and April 5th. If payment was not received by April 20th, the Association would send out a 15-day demand for payment. If payment was not received by the end of that 15 days, the matter would be referred to the Association's attorneys for collection.

Regarding the other payment option, the following would be due in the Association office by January 20th:

Payment for one third of the special assessment,
A signed special assessment agreement, agreeing to pay to pay the balance of the special assessment in eleven (11) monthly installments, and
A signed automatic payment authorization with a voided check.

The eleven (11) monthly payments would be collected using the Association's automatic payment system.

The January 20th deadline would be an absolute deadline. If the above three items were not received by then, an Association member would then only have the option of paying the special assessment in full by April 20th.

7. **Issues.** There are at least the following issues related to the replacement of the existing pool complex:
- a. **Increasing cost of maintaining the pool and of opening it each spring.** With each successive year, the maintenance costs for our pool have gone up. Last year and this year, pieces of the shell of the pool began breaking out.
 - b. **Possibility of not being able to open the pool one spring in the very near future.** Our neighboring association, Valley Park Condominiums, was unable to open their pool last spring. They then spent \$32,800 (\$186 for each of the 176 units that make up the association) refurbishing their pool and finally opened it the second week of August. The problem, which we see with this approach, is that Valley Park now has a pool on which they have spent a lot of money, but a pool which still looks the same and is still almost 40 years old.
 - c. **Loss of the pool.** All available evidence strongly argues that if we gave up on the pool and did not replace it, this would seriously reduce the resale value of our units.
 - d. **New pool complex.** On the other hand, all available evidence strongly suggests that a new pool complex would have a very positive effect on the resale value of our units. This is clear for at least two reasons. First, the

new pool complex would be significantly more attractive and functional than the current pool. This would significantly enhance the ability of sellers to use the pool complex as a major amenity for marketing their units. Second, for the last two years, it has become apparent that the associations, which surround us to the west and the north, are a drag on the resale values at Meadow Creek. Prospective buyers are either not seeing or not being shown the decided difference between us and our neighboring associations. A new pool complex would clearly and decisively set us apart from our neighborhood and give a boost to resale prices.

These are the components of the pool project, which the Board is proposing to you for your review and approval. Our strong recommendation is that you vote for the pool project and the special assessment at our annual meeting on Saturday, December 3rd.

We do realize that approval of the pool project and the special assessment will be a significant financial hardship for some of our fellow Association members. However, not moving forward with the project will have even more serious financial consequences for all of us in the future.

We look forward to seeing you on December 3rd.

Sincerely,

Board of Directors
Meadow Creek Condominiums