



VOTE YES! on April 10, 2016

the DAM FAQs

The following FAQs are provided by the 66 2/3 Club and approved by HAH Club Board and the Management Committee

REV 2-4-16

Repair Costs

What will be the total cost of dam repairs to the members? Not to exceed \$2,812,199, or \$3,949.72 per member account.

Will the constructions bids bring the total cost down? Possibly. Selection of the final bid is targeted for March 31st. At that time the actual cost to each member, which we hope will be lower, will be known. Cost will not exceed \$3,949.72 per member account.

Why do all members have to share the cost of paying for the dam? Our deed restrictions require that members pay for the costs of the club on an equitable basis. Thus, we do not charge for use of specific amenities. Our assessments are set equally (depending on the number of lots/member accounts) per club regulations and everyone pays an equal share of the costs.

Why is the State of Ohio not paying for our repairs like at Buckeye Lake? Buckeye Lake is a State Park and the State of Ohio is responsible for that dam. Our lake and dam are privately owned by the HAH Club and, as such, all members are responsible to share equally for repairs and maintenance.

How much has the Club already paid toward this project? We have spent over \$300,000 of Club money from the Depreciation Fund. These are funds we set aside to repair or replace our current equipment needs. As a result, we have held off replacing several pieces of equipment and making needed repairs to our existing properties.

Was the dam insured? The dam itself cannot be insured. Only power producing dams are insured. We are insured to pay for downstream damage if our dam breaches. Please reference this FEMA report to Congress: www.damsafety.org/media/documents/fema/availabilityofdaminsurance.pdf

Construction Loan Information

What financial institutions are we working with to get the loan to pay for the Dam repairs? We are currently reviewing offers from PNC, Popular Association, Delaware County Bank, US Bank, and Columbus Finance Authority. All of the following lenders were approached:

- Vinton County Bank (Bremen Bank)
- Fairfield National Bank (Park National)
- Delaware County Bank
- PNC Bank
- Chase Bank
- US Bank
- Huntington National Bank
- US Bank
- Popular Association Bank
- Columbus Finance Authority
- A private, local investment company.

Did we approach the Ohio Water Development Authority about programs they offer?

The OWDA program that would apply to HAH is the OWDA Linked Deposit Program. It provides that after you obtain financing from a participating lender, the OWDA will purchase CDs from that institution in an amount equal to the loan. The lending institution in exchange will lower the interest rate. We discussed it with three different banks. Two were familiar with the program. All three said it made sense when interest rates were high. But with current rates it is not workable. Their other program, OWDA loan fund, is only available to government entities and HAH does not qualify.

What type of loan will it be? This will be a Commercial loan. A commercial loan as it's used here simply means a loan that is secured only by the assessments paid by members and not real property.

How many years will the loan be for? We anticipate entering into a 5 year loan as the rates for a 5 year commercial loan are the best for the club.

Why don't we take out a longer loan than 5 years? There are 7 and 10 year options for a commercial loan, but the interest rates on those terms are much higher than a 5 year.

Can we refinance at some point without a membership vote? A member vote would be required to refinance any loan the Club takes out.

Special Assessment Payment Information

What payment options are available to members for this Special Assessment? There will be 3 payment options available: a one-time upfront payment, a 3-year payment plan and a 5-year payment plan. There is no penalty for early payment on a payment plan.

Can I pay it all up front? If so when is it due? If paying in full to avoid paying any interest, the payment is due by 5/2/16.

How/who maintains the loan payments at our HAH office? Members will make their Special Assessment payment(s) to the HAH Office. The office will collect the funds and make payments on the loan to the lending institution.

Property Values

What % value does my home lose without a lake? Independent research reports find that 20%-30% (depending on proximity to the lake) of everyone's home's value in a community like ours is based on our private lake amenity. (Copies of research reports can be found on the HAH Member website under the "Member Information" tab on the "LOFS Dam Updates" link.)

What are the benefits of having the LOFS and rebuilding the dam?

- Resort community home values revolve around having a fully functioning lake; *20%-30% of everyone's home value is based on the Lake of the Four Seasons*
- The new dam will increase the surface area of the lake by 70 feet
- Improved boat launch ramp
- The new Dam should last at least another 50 years
- Property values will not de-value

Have more or less homes sold in the last year due to this issue? There were 45 homes sold in 2015. This is a higher number than in previous years. Casual conversation indicates people have purchased in the last couple years with the expectation the dam will be repaired and knowing there would be a cost to them to do so. There were 33 homes sold in 2014, 38 in 2013, 40 in 2012 and 29 in 2011.

Voting

Who will count the votes on April 10, 2016? The HAH Board Treasurer asks members to volunteer to count votes. We will have a neutral third party present to supervise the ballot counting. We also plan to use the ballot counting method similar to what County Boards of Elections use for paper ballots.

Where do I go to vote? The meeting for the vote is April 10th at the Lodge. Doors and registration opens at 1:00 pm, a short meeting to review the ballot language starting at 1:30 with voting open after that. Voting is open until 3:30 pm.

Can I vote absentee? Yes. You can request an Absentee Ballot by filling out a form found on the HAH website, in the ECHO or by requesting an Absentee ballot from the HAH Office. You do not need the form; you can send an email to the office with your Name and Lot # and request a ballot be sent to you.

Can I request an absentee ballot via email? Yes. Send an email to hahoffice@hahclub.net with the following info: Your Name, lot number, that you are requesting an Absentee Ballot and what address to mail it to if different than your normal mailing address on file in the HAH office.

What are the results of a ‘No” vote?

The only way to repair our dam to ODNR standards and fully re-open the lake is to fund this repair effort with a Special Assessment. If this Special Assessment does not pass by a **66 2/3 majority** of members voting by Absentee Ballot and on April 10th, 2016, then the following will or possibly will occur:

- ODNR will require us to keep a lowered lake until we develop and fund a remediation plan. If we cannot fund a remediation plan, the impact will be drastic, as we will be required to drain the lake entirely.
- We could work to try and pass a special assessment again, but even best case if it would pass, we would not start construction until 2017.
- Even if we could pass a Special Assessment at a later date, most of the construction plans and estimates would need to be redone, which could raise the overall cost.
- It is likely some or much of the testing we’ve already paid \$300,000 for would have to be re-done.
- As news of a failed Special Assessment spreads, home values and home sales could drop significantly. No new home sales means no Amenity funds coming in and our HAH amenities begin to deteriorate.
- With home values dropping by at least 20%-30%, home owners may be “upside down” on mortgages. Those hoping to sell their homes may have to sell at significant reductions from recent purchase prices.

Construction Details

How long will construction take? Current best case estimate is 3 months, but that could be longer depending on weather. The plan is to complete construction in 2016.

Will the cost of steps, lighting and parking lots be included in the proposed repairs? Steps, parking lots, a new road on East side of dam and the running of electric conduit are included in the bid requests. We did not include new electric fixtures in the bids.

Will there be more docks added? Not at the time of the rebuild. This will be a matter for the Management Committee and available capital or amenity funds in the future.

Will the ORV track be closed during construction? Most likely when the construction trucks are operating, we will have to close access to the ORV track for safety reasons. It should be available on the weekends.

Will the borrow area (clay needed for dam) next to the ORV area be fenced and out-of-bounds for members during construction? Yes

Will the existing launch ramp be closed during construction? Yes

Will canoeing and kayaking still be allowed during construction? Yes

Electric motors on lake only during construction? Yes

Could there be boating in Fall of 2016? It is unlikely we will have gas powered boats back on the lake by Fall of this year. This would be dependent on construction duration, water levels, dock and step re-construction. In addition, the new dam will need to be seeded with grass and allowed to grow back before heavy usage. We will be able to continue to use the lake for non-gas powered boats during construction and after.

Communications to members

Will there be additional meetings to learn about the Dam Remediation plan and the Special Assessment? Yes.

Here is the schedule of informational meetings related to the Dam:

- Sunday, February 7th, 1:00 pm, Lodge - dining room
- Friday, February 19th, 5:30-7:30 pm, Lodge - dining room
- Saturday, March 12th, Noon, Clubhouse
- Saturday, March 19th, 5:00-7:30 pm, Lodge - dining room
- Saturday, April 9th, 10:00 am, Clubhouse

Where can I find information about the dam using Social Media?

- www.hideawayhillsclub.com under the Member Information tab, then in LOFS Dam Updates link
- on the FaceBook page: Hideaway Hills – 66 2/3% for the Dam .

Who can I call if I want to ask a question?

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| ● Randy Swetnam, GM - 740-569-4198 | ● Jim Sigafoose – 937-707-9501 |
| ● Jim Lloyd – 740-746-8593 | ● Chas Cross – 614-580-0979 |
| ● Greg Ptacin – 740-569-9080 | ● Patrick Foy – 614-519-0766 |
| ● Jim Krygier – 740-569-6176 | ● Kevin McLain – 740-569-8070 (evenings & weekends only) |

Is there a video I can reference on the HAH website if I miss a meeting? Yes. You can find a link to the meeting video(s) on the HAH Website. Look under the “Members Information” tab and then click on the “LOFS Dam Updates” link. There you will see a link for “Video of Meeting”.

Here is a URL for the video from the January 24th meeting:
https://drive.google.com/file/d/0B5LSS_bKXmsCLURhWGtpOVI1Xzg/view?pref=2&pli=1

Current Assessments and Delinquencies

How do member’s monthly and roads assessment delinquencies affect this project? The amount of the delinquent accounts is very small compared to the total cost for the dam repair project.

What is the current delinquencies amount? The January 15, 2016 delinquency report indicated that we have a total delinquency of \$104,516. While this is a good amount of money, by breaking it down it is not as serious as you might think. Of the \$104,516, there are 15 accounts in the legal collection process totaling \$96,167 and most have been there for over a year. In most cases HAH is behind the bank, taxes and other creditors. There were 5 accounts on the 60 day list totaling \$4550 and 3 of the 5 are already on a payment plan. There were 2 accounts totaling \$3798 turned over to our lawyers for collection. In 2015, we only turned over 6 accounts for collection. All of the rest were handled in-house through a payment plan or were paid up in full.

How many assessments are typically delinquent? On average, we have about 7% of accounts in a delinquent status based on annual assessment revenue. We are planning for 50 of the 712 accounts to default on the Special Assessment payments.

What is the process for collecting delinquent accounts and will that same process be followed for this Special Assessment? Yes, the same process used to attempt to collect current delinquent accounts will be followed for the Special Assessment accounts.

The following is the process we use with delinquent accounts:

- At 30 days – an advisory letter is sent to the delinquent member by the General Manager.
- At 60 days – a 2nd advisory letter is sent to the delinquent member advising them that their amenity privileges and social guest privileges have been revoked, they are being charged a \$20 late fee monthly, and a payment plan is offered.
- Between 67 and 70 days – the General Manager contacts the delinquent member by phone explaining the payment plan and the ramifications if not paid by the 75th day.
- At 90 days – the delinquent member is assessed a \$250 special assessment and a \$50 referral fee, and turned over to our lawyers for collection. A lien is placed on the member’s property and outside collection procedures are initiated through legal counsel.

The foreclosure process is extremely expensive costing up to \$5000, lengthy and very complicated. In most cases, we get no money from the foreclosure because any unpaid taxes and the mortgage balances have to be paid first and then the balance left from the proceeds of the Sheriff’s Sale is divided among the other lien holders. The upside of the Sheriff’s Sale is that Hide-A-Way Hills once again has an income producing property (once it is sold) with a new member fee and the monthly assessment. In most cases, we do not complete the foreclosure process until we are sure the bank holding the mortgage is not going to start their own foreclosure proceedings. If the bank forecloses on the delinquent property, this saves us the foreclosure costs. Once the bank forecloses, they become a member and are subject to the monthly assessment. It has been asked: why we do not go through a private collection agency instead of through our lawyers? The reason is private collection agencies take a sizable portion of the money they collect (if they do collect it) and by going through our lawyers we have a better chance of getting the money owed to the Club, including the legal fees.

How could the Amenities Fund affect or be affected by this project?

Per the code, 50% of the New Member Fee goes toward the Amenities Fund process, 40% goes to the General Operating Fund and 10% goes to the Roads Fund. This money is solely dependent on new members paying the fee and the amount varies from year to year. Keep in mind that without the amenities funds to the committees, many of the club amenities would not get maintained. These committees are all volunteer committees and use these funds, along with volunteer labor, to improve our community. By cutting these funds, we could ruin the volunteer spirit that is a huge part of Hide-A-Way Hills.