



Enclosure Project

Funding Opportunities - Fact Sheet

To meet the Enclosure Project funding goals VPA Members can use one or more of 3 contribution methods to tailor their financial help to suit their own financial circumstances. The final documentation will be legally prepared after the membership pledges have been received.

Opportunity #1 - Donations

All donations, large and small, will be greatly appreciated. Donations will substantially improve the immediate financial strength we can put behind this project. Donations will lower the project's dependence on Debentures and Pre-Paid Fees and add to the "financial buffer" going forward.

All donations of \$100 and greater will receive a tax receipt issued by the City of Vernon.

We have a generous Matching Donation pledge in place for the first \$100,000 of donations. Your donation will be matched on a one-for-one basis.

Opportunity #2 - Debentures

Description

A VPA debenture is an unsecured loan. It is not a registered security or registered investment. You are loaning money to the VPA with the promise that it will be repaid to you from the association's future cash flow. On an annual basis, 3% interest will be paid out to all the debenture holders. Members will have the choice of receiving their interest in cash or depositing their interest payment into their Playing Fee Credit Account.

Until 1 September 2023, the debentures will only receive interest. After that point, some debentures will be redeemed (paid out) each year. The number of debentures repaid each year will depend on the VPA's financial position each year but the expectation is that more than 10% will be repaid annually. At this point, the promise is that all the debentures will be redeemed over a 10 year period. The VPA commits to making its best effort to redeem all debentures as soon as is financially prudent.

The repayment timeline may be shortened prior to issuing the debentures depending on the final funding situation. In other words, if we have strong contributions via donations and/or pre-paid fees, the financial plans will be adjusted. However at this point, you should assume a 10 year repayment period.

The selection of debentures to be redeemed will be done via lottery at the Annual AGM. The debentures will be selected in a priority sequence. If a debenture holder prefers to not have his or her debentures redeemed, their debentures will not be included in the lottery. Estate redemptions will have first priority followed by those who have left the club.

The debenture agreement will be legally prepared for your review and signing before any money changes hands. It is anticipated that the money will be needed by about 1 July 2020.

Debenture Facts

Unsecured loan from members to the VPA with the VPA's promise to repay

Debentures issued in units of \$2,500. No purchase limit anticipated.

3% Taxable Interest paid annually

Interest only until 1 Sep 2023

No more than 10 year repayment plan there after

Selection of debentures to be redeemed by Lottery at AGM

Priority #1 - Estates

Priority #2 - Members who have left the VPA (they have moved or can no longer play PB)

Priority #3 - Members who are active VPA members but would prefer to have their debenture(s) redeemed

Priority #4 - Members who would rather their debentures are NOT redeemed - they prefer to receive the interest.

Members can choose between Priority #3 and #4 on a year to year basis.

Debentures are transferable.

Opportunity #3 - Playing Fee Credit Account

Credit Account Description

Each member can have a VPA credit account into which they are encouraged to deposit a contribution to the project funding. A pre-payment into their credit account to support the Enclosure Project will help provide the capital needed to complete the project. In exchange for your deposit, you will receive Playing Fee Credits. Your future monthly playing fees (\$60 plus gst) will be withdrawn on a monthly basis unless you are on a pre-arranged Payment Holiday.

Example. If a member deposits \$2,000 into their Credit Account and they play pickleball in Vernon for 9 months a year, then each playing month, \$63 (\$60 plus gst) of credit will be withdrawn. \$2,000 divided by 63 divided by 9 will equal 3.5 years. That means for the first 3.5 years, the member will only pay their annual membership of \$80 plus gst.

Annual membership fees (\$80 plus gst) can not be withdrawn from the Credit Account. This restriction is necessary as the VPA needs that cash flow to run the club, pay down our City loan and pay your Pickleball Canada and PickleballBC annual membership fees.

Your Credit Account average annual balance, based on your balance on March 1st each year, will receive 3% interest. Your interest will be paid in the form of an additional deposit into your credit account.

It is anticipated that your Credit Account deposit will be needed by about 1 Jul 2020.

Credit Account Facts

Credit Account Balances used to pay monthly Playing Fees (\$60 plus gst)

The Maximum deposit into a Credit Account is \$10,000.

Pre-Arranged Payment Holiday - Between 1 and 10 months per year

Up to 2 Payment Holidays per year with minimum of 2 months separation

In estate situations, Credit Accounts can be redeemed for cash.

Credit Accounts are transferable to other club members.