

Butterfield

A Butterfield Homeowners
Association Publication

Vol. 8 No. 2 • Summer 2021

Today

VISION  2023

The Future of the BHA



Butterfield
News

Letter from the
President

Family
Fun

Hello neighbor!

We're here for you!

Whether you are single, running after littles, waiting in carpool lines, sending a teen to college, or welcoming a grandchild, Christ Church is a great place for you!

Every Sunday and throughout the week you'll find experiences, groups and workshops designed to help you and your family thrive.

WORSHIP

Sundays | 10:00 a.m.

IN-PERSON OR ONLINE

Children's Sunday
School programming
also available each
Sunday at 10:00 a.m.



DINNER ON THE LAWN

Neighborhood Gathering Every Wednesday at Christ Church May 5–September 29 | 5:00–8:00 p.m.

Bring a picnic or purchase dinner from one of the area food trucks. We'll have activities for kids and adults, and there will be live music the first Wednesday of each month.



VACATION BIBLE SCHOOL

June 21–25 | 6:00–8:00 p.m. | FREE to everyone

Ages 4 years through grade 5

Registration Required: ChristChurch.us/bcevents

Butterfield Today

Editorial Staff

President & Publisher: Douglas Elwell
630-627-4845 | doug@dougelwellinc.com

Meeting Information: mybhoa.com/meetings

General Information:
butterfieldhomeownersassoc@gmail.com

Important Phone Numbers

- Animal Control: 682-7197
- BHA Website: www.mybhoa.com
- BHA Facebook: www.facebook.com/BHAToday
- Butterfield Park District: 858-2229
- Butterfield School: 827-4000
- ComEd: 800-334-7661
- DuPage Non-Emergency:
 - Police: 407-2400
 - Fire: 620-5738
- DuPage Disposal: 268-9253
- DuPage Zoning: 407-6700
- Electronics Recycling: 627-2200
- **Emergency Fire/Police: 911**
- Flood Brothers: 261-0400
- Good Samaritan Hospital: 275-5900
- Illinois American Water Co.: 739-8810
- Lombard Post Office: 627-1864
- Milton Township
 - Office: 690-9036
 - Highway: 682-4270
- Poison Control Center: 800-942-5969
- Vacation home checks: 682-7256
- Voter registration: 629-0475
- Waste Management: 800-747-2278
- Westlake Middle School: 827-4500
- York Township
 - Office: 620-2400
 - Highway: 627-2200



BHA

Butterfield Today is a Butterfield Homeowners Association publication

Table of Contents

4 Butterfield News

Extra extra, hear about the latest news and views relevant to the Butterfield subdivision! This quarter we are spending the entire issue reviewing the next steps for the BHA, where we are proposing to change the BHA from a nonprofit to a for-profit company. This will both give us many advantages and solve many persistent problems.



5 Letter from the President

President Doug gives a summary of the latest events affecting the BHA, a review of the "Vision 2023" initiative that he first presented at the March 2021 meeting, as well as the direction he feels the BHA needs to go in order to continue on its current success path.



6 Vision 2023

President Doug Elwell's vision for the BHA for 2023 is to convert the BHA into a for-profit corporation that will be able to more easily afford both its existing financial responsibilities, begin to grow as a company, and provide more and better services to our members over time. The Vision 2023 section provides a complete overview of President Doug's proposal, including both the good things about the Association that need to continue, the bad things about the Association that need to be fixed, and of course a proposed solution for them. Doug also provides a revenue model and a governance model so the membership can more clearly understand what they are voting for and how the next generation BHA will operate.

14 Family Fun

Have some fun with our quarterly crossword puzzle, sudoku, and a pithy cartoon. Have more ideas for our Family Fun section? Want to add your own 2¢ and publish your own opinion? Let us know at butterfieldhomeownersassoc@gmail.com.



Our Next Meeting

Our next meeting will be held at Christ Church Butterfield, 2S361 Glen Park Rd., June 17th at 7:30 p.m., or you can click the Zoom link at mybhoa.com/meetings





Butterfield News

C O R P O R A T E

The Future of the BHA

Vision 2023

During the March 2021 annual meeting, we discussed President Doug Elwell's vision for the Butterfield Homeowners Association (BHA) for the next two years. His vision for 2023 at that time was to make sure that the BHA is in sound legal, financial, and organizational shape so it can be safely handed off to the next generation of Butterfield homeowners by March of 2023. In order to achieve this goal, President Doug Elwell agreed to work for free for an additional two years. After that, though he will still be available to still serve as President without compensation, all the other services that he has been providing for free, including but not limited to website management, newsletter production, ad sales, accounting, marketing, and much more, will require some form of compensation, or President Doug will no longer be able to provide those services.

Unfortunately, since the March 2021 meeting where President Doug made that announcement, both the Vice President and Secretary have resigned, leaving President Doug alone to do literally everything himself, including their respective former duties. So, in order to fix all these issues and more, President Doug has formulated a plan to convert the BHA from a non-profit corporation to a for-profit corporation by the end of this year. This plan will allow President Doug to continue to manage the Association himself while compensated replacements can be found to fill the other board member positions on a more permanent basis.

This plan will also not only fix all the various issues the BHA has accumulated over the years (see "The Bad", page 7), it will also create an environment that is much more conducive to building a truly effective organization that will continue to provide more and more consistent services over time while gradually reducing reliance on President Doug's immediate presence (see "The Solution", page 10). All Doug needs for you to do is come to the meeting on June 17th and vote for the plan, and we can have a much better BHA up and running by the end of 2021.

The Choice

As an organization, the BHA is at a crossroads. When we decide whether or not to vote for President Doug's plan at the June meeting, we will be making a choice to either move forward and continue to grow as an organization, or fall back into the chaos we were enmeshed in prior to 2013 and lose all the stability and improved services that we have developed over the last eight years. We are at a critical point in the evolution of the Association, and the choice we make now will determine its success or failure. Though under the guidance of President Doug Elwell (2013-Present) and his administration, the BHA has flourished in terms of increase of total membership and quality of services, but volunteerism and meeting attendance have dropped almost to the point of non-existence. President Doug has a plan in place to address all these issues and more, but first let's take a closer look at all the good and bad things about the BHA, and why change is needed in order to continue to grow what is good about the organization, leave behind what is

bad about the organization, and maintain the quality and consistency of services that have characterized the last eight years.

Zoom Meeting Info

President Doug Elwell is inviting you to a scheduled Zoom meeting.

Topic: Important BHA Corporate Governance Meeting

Date: June 17, 2021

Time: 7:30 p.m.

Physical Location:

Christ Church Butterfield, 2S361 Glen Park Road

Zoom Meeting:

<https://zoom.us/j/3293763998>

Meeting ID: 329 376 3998

Dial by your location

+1 312 626 6799 US (Chicago)

Find your local number: <https://zoom.us/u/ac3FnDF5CH>

Zoom Meeting Info

We are going to start doing our meetings primarily on Zoom from here on out in order to make it easier for people to attend. Please attend our Zoom meeting on Thursday, June 17th @ 7:30 p.m. and make your voice heard!

You can attend the Zoom meeting by clicking on the link on our website at <http://mybhoa.com/meetings> or using the information in the box above. You can ask questions prior to the meeting at: butterfieldhomeownersassoc@gmail.com

In the meantime, please take our survey and let us know what you think about the plan and whether or not you will be voting for it: <http://mybhoa.com/surveys/>



Letter from the President



A Brand New Day

By Doug Elwell, President
Butterfield Homeowners Association

*“Turn the clock to zero, Mac
I’m begging her to take me back...
We’re starting up a brand new day”
~ Sting, “Brand New Day”*

A lot has changed since our last news magazine was published, almost too much to mention in this short letter, so I’ll keep it pithy.

First of all, our wonderful Vice President Connie Loos recently retired from the executive board after eight excellent years of service. Connie is already missed, but she remains a faithful BHA member and friend. Be sure to thank her for her service.

On another note, in order to conserve space in the print newsletter and therefore money, we will be publishing the meeting minutes exclusively online from here on out at <http://mybhoha.com/meetings/>. If you would like to view the meeting minutes and you do not have Internet access, please call us at 630-627-4845, or mail a letter to:

BHA
2S104 Avondale Ln
Lombard, IL 60148.

And since Connie is no longer handling memberships, please send checks for your membership dues to this address as well.

This is a special issue where we will be proposing to migrate the BHA from a nonprofit to a for-profit corporation. This is for a variety of reasons, both positive and negative. One of the biggest reasons to go to for-profit is the lack of volunteerism, which has been a persistent problem, so Connie’s retirement partly triggered our decision to propose to the membership the necessity to migrate the Association to a for-profit organization — because not only are we not getting new volunteers to fill the empty positions, we are now losing those good volunteers who formerly held some of those key positions. I am now alone on the executive board, and in order to continue, it would be best if we convert the old nonprofit into a for-profit S Corporation, a form of corporation that is specifically designed to be manageable by only one person. Details on how we plan to do that start on page 6.

Let’s work together to make it a brand new day for the BHA! ☀️

LEARN * LOVE * GROW



Peace Community Learning Center
21W500 Butterfield Road
Lombard, IL

Peace Community Learning Center

**Full and part-time, educational, Christian
Preschool and Child Care for 2- through 5-year olds**

Rooted in Christian principles, Peace Community Learning Center offers a positive, loving environment where children can learn and grow spiritually, socially, emotionally, and cognitively. By offering a variety of materials and experiences for your child to explore, we hope to foster a love of learning that will stay with them for a lifetime.

<p><u>Full-Day Childcare Program</u> Monday through Friday 7:00am to 6:00pm</p> <p>Catered lunch, two snacks and hugs daily <i>(Daily Rates Available)</i></p>	<p><u>Preschool</u> 2-year old Program Tuesday/Thursday or Wednesday/Friday</p> <p>3-year-old Program Tuesday, Wednesday, Thursday</p> <p>4-year-old Program Tuesday through Friday 9:00 - 11:30am</p>
--	---

For more information:
 Contact Anmaree Mora at 630.627.1135,
pclc@peacehome.org
www.pclckids.org.

PCLC is a Ministry of

Peace Church
Changing Lives through
the Love of Jesus



VISION

THE

The Good

Over the past eight years we have seen a remarkable improvement in the quality and consistency of services that the BHA has been able to provide our members, and also to the Butterfield area at large. Here is a summary of the most prominent improvements that have been accomplished under President Doug Elwell's leadership:

- 😊 +25% increase in membership!
- 😊 Large improvements in the quality of the website
- 😊 Huge improvements in the quality of the newsletter
- 😊 Entrance sign management is more consistent
- 😊 Computerization has made management of the BHA's information much more efficient
- 😊 Much greater quality and consistency in the management of both meetings and member services
- 😊 Significant improvements in public perception of our ability to deliver quality services in a consistent manner



The Happy Path

It is clear that the current administration is on a happy path, having been highly successful in improving the quality and consistency of services that the BHA has been able to provide. However, what is also clear is that the volunteer nonprofit model is no longer working for this organization. The nonprofit model is based on a combination of free volunteer work and contract labor paid by membership dues in order to get things done within our very small budget. Unfortunately, volunteerism has sunk to its lowest point ever, and the membership has consistently blocked the executive board's attempts to raise the membership dues to cover the increasing costs

of services due to a subsequent increased need for paid contractors. This has in turn forced the board to cut back on services in order to meet already tight budgets, gradually reducing the number of services that we can provide to our members.

The Vicious Circle

This is a vicious circle that will require a heroic effort to break out of by both the executive board and the membership working together according to a unified plan. We have also needed to dip into our savings in order to pay for unforeseen expenses such as fixing the failing lighting systems for our entrance signs. All three of the lighting systems for the signs are well past their operational lifetimes, and one has already failed (the Gray Avenue entrance sign) and needs to be replaced entirely. And though we have enough savings to stay afloat for some time, without a significant improvement in the level of income we are generating, we will gradually begin to deplete our savings and eventually go bankrupt.

The Way Ahead

In order to break out of the vicious circle that President Doug halted 8 years ago and continues to keep at bay to this day, we must seize the day and make a heroic effort to take the BHA to the next step in its evolution. The only way to break out of the vicious circle is to change over to a business model that does not depend entirely on volunteers and donations so the BHA can continue to grow from its current status as a tiny, marginally useful nonprofit into a lean, robust, truly effective for-profit business that will benefit the people of Butterfield in significant ways for years to come. The for-profit business model will allow us to generate enough money to afford quality contractors on a more consistent basis so we no longer have to rely on volunteers to take care of critical functions, breaking the vicious circle and continuing on the happy path of success.



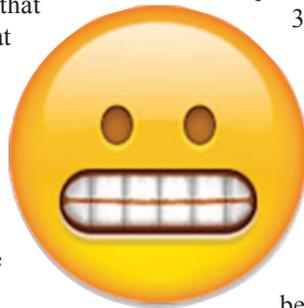
2023



PLAN

The Bad

Though there are many good things about the current BHA, there are also a number of problems that have been plaguing the BHA for some time that must be resolved sooner rather than later. More than just lack of volunteerism and meeting attendance, there are critical financial, legal, and ethical questions that need to be resolved as soon as possible if the BHA is to continue to be considered a respectable institution. Here is a summary of all of our major outstanding issues to illustrate to you why the need for a change to our business type is critical:



- 🙄 Critical lack of meeting attendance
- 🙄 Critical lack of volunteerism
- 🙄 Insufficient income
- 🙄 Public perception in question
- 🙄 Corporate legal status in question
- 🙄 Corporate tax status in question
- 🙄 Mistakes of the past
- 🙄 Continued association with the “Association”

Critical Lack of Meeting Attendance

The lack of meeting attendance is a result of three factors: 1) the fact that most of the original, active members that once attended the meetings have retired and moved away, or have opted to stay at home due to the threat of COVID-19, 2) a lack of interest in volunteering and community service on the part of younger generations has resulted in no one attending meetings and stepping up to fill the open positions, either on the board or on a committee, and 3) general satisfaction with the performance of the cur-

rent executive board has resulted in a lack of pressing need to attend any given meeting. As a result, typically less than 10 people will attend any given meeting, sometimes as little as 3-4. This has made it very difficult to hold productive meetings and pass votes that properly represent the will of the membership, making the meetings somewhat pointless. It would be much more efficient if the executive board could have the ability to get things done without the need to vote for every little thing, but the non-profit model requires votes to be taken on many things, including seemingly trivial ones. This bureaucratic inefficiency has been crippling the BHA for decades, making the non-profit model undesirable from an efficiency perspective, as well as from the growth perspective. And in order to continue to be able to pay our bills, we need to grow.

Critical Lack of Volunteerism

Long gone are the days when a pool of quality people could be drawn from to fill in the open positions. We have not had a single volunteer since 2014. That’s seven years without a single volunteer. Our hope that a new generation of younger people would come in and take the reins from the previous generations with a smooth transition from one generation to another — like it was in the good old days — is simply not happening. Volunteerism is clearly no longer a viable option for the BHA going forward, so we must move to a business model that allows us to generate enough money to enable us to hire people to fill the open board positions, and to hire contracting firms to take care of our labor needs. It is difficult enough to find qualified people in the first place, and to expect them to work for free on top of that is simply not realistic. Times have changed and we need to change with them, or the BHA will fail.

THE PLAN

GOOD & BAD

Insufficient Income

As stated above, the lack of volunteers has increasingly required us to hire outside firms to take care of basic functions, such as landscaping and electrical work. This has raised our costs substantially, forcing us to cut costs in other areas, and even dip into our savings just to pay the bills. The membership has thus far resisted our requests to raise the dues, which have not been raised for over 25 years. Due to inflation reducing the value of the dollar to 1/2 of what it was in the 1990s, this has left us in a situation where we have roughly half as much dues income with substantially more bills to pay. This lack of income has caused us to use our savings to pay for various unplanned expenses more than once, and is starting to become a critical problem which also must be addressed as soon as possible, lest our savings be depleted to critical levels.



Public Perception in Question

Over the years some people in the neighborhood have made it clear that they feel that the BHA in its current non-profit volunteer form is a waste of time and money that is providing little of real value. Overly complicated bureaucratic processes that are intrinsic to volunteer-based non-profit organizations regarding voting, elections, committees, and all the red tape preventing us from just getting things done have added to this perception. Arguments, mistakes, misunderstandings, and a variety of bad decisions made over time by various administrations (including the current one) have tainted the perception of the BHA leadership as not being experienced enough to run an organization with the level of professional excellence that is nowadays expected of all organizations, including even small, volunteer ones like the BHA. We must therefore raise the bar by hiring only qualified professionals to help us manage our organization, and only the for-profit model will allow us to do that.

Corporate Legal Status in Question

The BHA was never a legal homeowners association (HOA). It was and is an HOA in name only since its foundation in 1961, and should never have called itself a homeowners association as it never met the legal requirements necessary to qualify as a homeowners association. This is because no binding contract was set up with the homes in this subdivision when they were first built, which is necessary for a true HOA to legally exist in a subdivision. Without that binding contract with all of the homes in a subdivision, a contract that would include CC&Rs (Covenants, Conditions & Restrictions) determining the rules for that specific subdivision, there is no “Association”. As such, the Butterfield Homeowners Association cannot legally continue to call itself an Association, because the term “Association” is a specific legal term that defines a particular type of

non-profit corporation, for which the BHA does not meet the legal definition. In reality the BHA is merely a generic non-profit corporation that incorrectly calls itself a homeowners association, which for legal reasons it must stop doing as soon as possible.

Incorrectly referring to ourselves as a homeowner’s association has led to a variety of other problems that have been compounding over the years. For example, we are registered with the state of Illinois as a homeowners association when we are legally not. That is misrepresentation, which is illegal. Yet, one administration after another, including the current one, has continued to classify the BHA as an HOA because, until recently, no one understood the difference. This is yet another reason we need to change from a non-profit to a for-profit entity, and to stop calling ourselves an Association, because we are not one.

And there’s more. As a result of our having incorrectly defined ourselves as a homeowners association for decades, people who do not fully understand that the BHA was never a true HOA have been incorrectly citing us as a legitimate homeowners association as part of their mortgage documentation. This is a serious problem, over and above the obvious ethical concerns. As a result, the various BHA Presidents over the years have been receiving legal notices to appear in court for a variety of homeownership-related issues, including but not limited to foreclosure hearings on homes for which the BHA was incorrectly cited as the HOA on their mortgage documentation. These legal notices are not pleasant to receive, particularly when they are handed to you by a process server standing at your front door. This is unacceptable and must end.

Corporate Tax Status in Question

To my knowledge, the BHA has not properly filed taxes for at least a decade, possibly several decades. However, even though we make very little money (less than \$10,000/year), we still need to file taxes just to let the IRS know we exist. We discovered this a couple of years ago when we were doing research to try to find out if a non-profit can invest money in the stock market. We eventually found out that we could, but we would need a valid tax ID to do so, as well a copy of our tax returns from the previous year. However, because we have not been filing our taxes (possibly for decades, as no records of tax returns exist well into the 1980s, where our records end), we were not able to set up an account with an online trading firm. To make matters even trickier, last year (2020) our PayPal account began requesting we add a valid tax ID to our PayPal account in order to continue using their service. In order to continue using PayPal and similar services in the future, including possibly open-

THE PLAN GOOD & BAD

ing bank accounts and related financial services, we must begin filing taxes again (or possibly for the first time?). And we cannot legally file taxes as a homeowners association as we are not one. So once again, we will need to change our business type in order to properly file taxes, or once again continue to operate in an illegal manner.

This is all above and beyond potentially thousands of dollars in unpaid taxes and penalties that we might have to come up with if we were actually audited by the IRS, a process which would be further aggravated if they found out we are not actually an HOA. So, this serious problem is yet another reason we need to do a “clean slate” approach by converting the BHA into a for-profit corporation, leaving all of our tax baggage behind along with all the rest of it. Otherwise, an organization-ending hostile audit by the IRS will eventually occur, and President Doug will not be around to help.

Mistakes of the Past

The above problems may seem bad enough, but some of the worst problems are actually more interpersonal in nature. Some bad decisions and disagreements with people and organizations in the past over money, property, and people have created a situation where making a clean break with the past is desirable in order for the BHA to have a fresh start on both the interpersonal and community levels.

Converting to a for-profit organization with a new name (or slightly different one) will go a long way to show that we are serious about resetting relationships with people and organizations inside and outside of Butterfield. And only by converting to a new type of organization can we erase the mistakes of the past, where the new BHA will be a brand new, properly managed, fully legal entity with no baggage whatsoever. Old grudges can be hard to let go sometimes, so this change may be the hardest of all for some members who have a hard time making a break with the past. But if the BHA is to be thought of as a legitimate organization going forward, the switch to a for-profit organization must be done, or our legacy will be one of failure.



Continued Association with the “Association”

Another thing to consider when making your decision whether or not to vote for President Doug’s plan to re-form the BHA as a for-profit entity is, if this is not done soon, President Doug will have to move on because he cannot afford to continue to be associated with the BHA due to all the problems surrounding the BHA’s legal and ethical reputation. Doug has warned the membership many times over the years about all the legal and ethical issues that the “Association” is facing, and how this may be doing harm not only to his personal reputation, but also to the membership at large. Sadly, nothing has been done by the membership to remedy these issues to this point, and Doug’s attempts to remedy them have fallen on deaf ears. Frankly, neither Doug nor anyone should continue on with this organization in its present state as they might be held liable for the numerous questions surrounding the BHA’s legal status as a true homeowner’s association, not to mention the failure to pay taxes and a variety of other issues only partly covered in this article.

So, if there ever was a time for us to come together and fix these issues, it is now.

So, President Doug has come to the conclusion that major change is needed to fix all these issues, preferably all at once. A piecemeal solution will not do — a bold maneuver will be needed in order to guarantee success. So, in order to fix these and many other issues with the BHA, President Doug has come up the following solution (next page):




INDEPENDANT TIRE DEALER & INSTALLER



Nicholas Goclan
Co-Owner
Fax: (630) 932-1272

www.nutsandvoltslombard.com

NUTS & VOLTS AUTO REPAIR

Since 1967 • Certified Mechanics
Complete Auto Repair Service
Foreign & Domestic

333 S. Main • Lombard, IL 60148 • (630) 932-8833

THE PLAN

THE SOLUTION

The Solution

The solution is actually very simple. All we need to do is file the relatively simple paperwork to convert the BHA from a non-profit corporation to a for-profit corporation. The process will be seamless and, as we have seen, many serious issues will be removed with the stroke of a pen. Only President Ellwell has the authority to do this, so all you need to do is to vote “yes” for his plan at the June meeting, and he will take care of the rest.

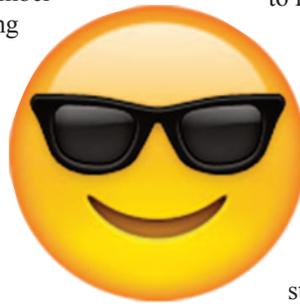
If you are still not convinced that Doug’s plan is the right way to go, here is a short list of all the problems that will be fixed by switching over to a for-profit model, along with a number of other positive benefits over and above merely fixing our many critical issues:

Give the BHA a Fresh Start with a Clean Slate:

- 👍 Fix issues with corporate legal status
- 👍 Fix issues with corporate tax status
- 👍 Fix issues with lack of volunteerism
- 👍 Fix issues with insufficient income
- 👍 Fix issues with public reputation
- 👍 Remove all the bureaucratic red tape that has been holding the association back for years.
- 👍 Remove old interpersonal conflicts and misunderstandings that have accumulated over the years regarding money and various issues
- 👍 The new BHA will be a brand new legal entity with no baggage whatsoever.

Improve Quantity and Quality of Services:

- 👍 By converting to a for-profit model we will be able to develop additional revenue streams that will allow us to generate enough money to be able to easily afford both existing services and also provide new and better services for our members that will also benefit Butterfield in general.
- 👍 Having more money to work with also means that we can hire qualified professionals and better quality firms to handle our marketing, accounting, and related core functions that President Doug has been handling all by himself. This will help further improve our quality of services and free up President Doug to focus on more business- and management-related duties.
- 👍 We will have enough money to be able to create new HOA-oriented software products and services that we can use not only to better manage our own member services, but also resell



to homeowners associations around the area. This will create a substantial income that will help us fund other significant efforts in improving the quality of life in and around the Butterfield area, build our company, and grow the value of our shares for our shareholders.

- 👍 Talented people will be more likely to join and stay on over time as they will have a part ownership stake in the organization in the form of stock options that they can sell after a certain term of service.
- 👍 We can bring in a CEO to provide a fresh face for people to work with while President Doug moves into the background to focus on more business-oriented tasks. This new person would have exceptional interpersonal skills, and would manage meetings, represent the BHA at events, and interact with the membership and public in a more personable way.

Give Back to Butterfield

- 👍 Existing long-term BHA Members who opt in early to this new business model will receive free stock shares in the new BHA, on a first-come first-served basis. These shares could be potentially very valuable, particularly if the new BHA goes public, which it may if our new business model proves to be successful.
- 👍 Having more money will allow the BHA to fix issues with and add upgrades to the entrance signs and other assets we manage, as well as provide various additional services that will benefit all the people of Butterfield.
- 👍 Having more money will also allow us to give back generously to the people of Butterfield in the form of gifts, grants, and scholarships which will help us improve our public relations, further grow our membership, and improve the general quality of life in Butterfield.
- 👍 Having more money will also build the value of our shares, enriching those BHA Members who were wise enough to invest in the new BHA.
- 👍 The bigger we grow the more we can do for Butterfield, the Chicago area, and the world. With the for-profit model, our potential capabilities to improve the quality of life for all are limited only by our imagination.

Conclusion

This is a once-in-a-lifetime opportunity to get in on the ground floor of a successful new venture with deep roots and a bright future. The time to fix our issues is now while President Doug is still available and willing to help with the transition. If we do not go this way, Doug will be forced to move on, and the continuing viability of the BHA will be in doubt. It’s a brand new day for the BHA! 🌟

THE PLAN

REVENUE MODEL

Revenue Model

In order to generate enough money to afford the sort of advanced services we need to offer in order to meet the increasing demands of our membership and of Butterfield in general, we will need to develop additional revenue streams above and beyond the existing ones to achieve that goal. Here is a review of our two existing revenue streams, the membership stream, and the advertising stream, as well as a projected third revenue stream, the web-based stream:

1) The Membership Revenue Stream

The BHA's primary revenue stream has been our membership revenue stream. Since the beginning of our history, like most nonprofits, most of our money has come from voluntary donations from homeowners. This remains our primary income to this day, comprising approximately 75% of annual income. And though most of our members would prefer to keep the dues to the older rate of \$25/year, recent research has shown that a surprisingly large number of our members are willing to pay more if we provide additional value-added services in return. To provide this opportunity, we have developed the following membership levels:

✂ **Basic Membership (\$25):** This is the traditional payment level that has remained unchanged since the 1990s, and we have grandfathered it in here for those who wish to continue with their basic \$25 membership payment. Members at this level still retain all the rights and privileges of BHA membership, but will no longer receive the print newsletter due to rising costs in printing and postage. However, they will still have free access to our electronic news magazine, posted at mybhoa.com/newsletters. If you are already subscribed to our Basic plan, just do nothing and your \$25 annual autopayments will continue as before.

✂ **Enhanced Membership (\$35):** The Enhanced subscription level provides you with all the rights and privileges of BHA membership, as well as our popular, full-color print news magazine, which is mailed out 4 times a year. By upgrading to the Enhanced level, you have decided to help the BHA cover for these costs, for which we thank you.

✂ **Noble Membership (\$50):** We recommend you select one of the button options in the right navigation section under "Noble Membership" at mybhoa.com as that is the most helpful to us financially. This will not only allow you to receive our popular print newsletter, but will also unlock special premium services for you that we will be developing for you in the future, along with other surprises.



2) The Advertising Revenue Stream

The BHA's secondary revenue stream has been our ad-based model. Ads sold in our newsletter comprise about 25% of our annual revenue, which is entirely used to defray the cost of printing the newsletter. Ads sold on our website are used to pay for the cost of our website.

PRINT ADVERTISING

The BHA sells print ads in their quarterly news magazine, for an average of around \$2,000 per year. We have been upgrading the quality of our newsletter and our advertisers for the last several years, and are on track in 2021 to begin expanding the distribution of our news magazine, as well as the number and quality of our advertisers.

WEB ADVERTISING

Our website ad revenue is small, largely due to a lack of time to properly promote our website as an advertising platform, a lack of original, interesting content on the website to draw readers, and competition such as Facebook and Nextdoor drawing away most of our potential readers. Switching to the for-profit model will help us with prioritizing generating ad revenues, which will help improve this particular revenue stream. Improving the quality of our website content will also be a key part of our upgrade to the for-profit model, as the web will be the primary platform for future primary revenue streams.

3) The Web-Based Revenue Stream

One of the potential revenue streams that we have not fully realized the potential of yet is our website. President Doug is a professional web developer, and will be able to build our first suite of service offerings himself at no charge.

VALUE-ADDED WEB SERVICES

One potential use of our existing website is to develop small web applications that provide our members with additional services. The best way to pay for these services is to require the member to upgrade to a higher membership level, which will have a higher fee to cover the cost of the additional services. The latter technique is the one that is most often used to generate additional revenue for additional services.

WEB APPLICATIONS DEVELOPMENT (WEB APPS)

Once our for-profit venture starts bringing in sufficient income, we can start building larger and more robust applications. Our company will need to grow significantly before more advanced applications development can be considered, but these types of apps would bring in a much larger income and would serve as a basis for growth into a potentially large and wealthy corporation. 💰

THE PLAN

GOVERNANCE

Governance Model

Before we embark on the final decision to convert the BHA from a non-profit to a for-profit, we need to provide an overview of how this new for-profit corporation would be governed. Though it is too early to get into the fine details, we need to provide an overview of how this new for-profit organization would be structured, so voters can have a relatively detailed understanding of exactly what they are voting on.

Summary

The plan is to convert the BHA into a new Subchapter S Corporation, which is a type of for-profit corporation that is privately held and can be run by one person rather than requiring a complete executive board. The current BHA is a very small organization and there is not enough management-level work for more than one person, so having a complete executive board is unnecessary, cumbersome and was actually counter-productive as it added additional layers of bureaucracy into the process. This will also release us from our reliance on volunteer workers to fill the various board positions, one of the key reasons we are moving to a for-profit corporate model in the first place.

Initially President Doug Elwell will run the business himself until new people can be hired or contracted. These new people, who will work part time or freelance, will be compensated via a combination of work experience opportunities, cash, and stock. Some work may be outsourced to third-party firms instead of hiring people directly. Over time as the company grows, full-time people can be hired and President Doug can take on more of a background role.

As far as existing services are concerned, the new for-profit business model will continue providing the existing services that the BHA currently offers to its membership, and then over time will provide additional services if the members upgrade their membership to the appropriate level.

Proposed Corporate Organization

- Corporation Type: S Corporation
- Number of Shares: 100,000
- Initial company valuation: \$25,000
- Initial share value: 25¢/share
- Shares 100% vest after 5 years — no partial vesting

In a for-profit organization, members vote their shares rather than voting individually, giving people with more shares more voting power. Shares for members will initially be distributed for free based on seniority as described below.

Two Major Groups of Shareholders:

- Executive Board & Employees (50% of shares)
- Membership (50% of shares)

EXECUTIVE BOARD & EMPLOYEES (50% OF SHARES)

- President (25% of shares)
 - Owns 25% but votes all 50% of executive board & regular employee shares)
- CEO (10% of shares)
- Secretary (2.5% of shares)
- Treasurer (2.5% of shares)
- Regular employees: (10% of shares)

MEMBERSHIP (50% OF SHARES)

• Pillar Members (25% of shares)

- There are 5 pillar members, no more, no less.
 - Pillar members are households that are selected by the President as "pillars of the community" who have made outstanding contributions to the Butterfield area.
 - Pillar members form a sort of "Senate", comprised of the most experienced and influential people in the Butterfield area.
 - Each Pillar Member is awarded 5% of the corporation, or 5,000 shares
 - Pillar Members are automatically upgraded to the Noble membership level and do not have to pay dues for life.
 - Pillar members are expected to be leaders in the BHA and in the community and be an excellent example to others.

• Noble Members (25% of shares)

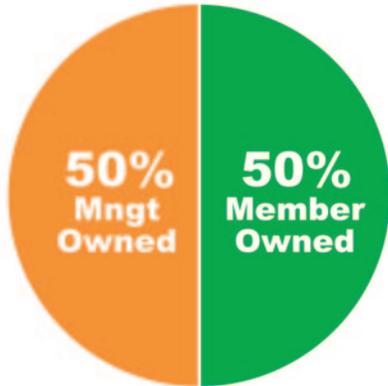
- There are 25 Noble members, no more, no less.
 - Noble members are selected by the President as households who have been faithful BHA members for at least 7 years, based on seniority.
 - Noble members form a sort of "House of Representatives", comprised of the most faithful BHA members
 - Each Noble Member is awarded 1% of the corporation, or 1,000 shares
 - In order to qualify to receive shares, Noble members must upgrade to the \$50/year Noble membership level and maintain it for at least five years consecutively.
 - Noble members are expected to very actively involved in the BHA and in the community.

• Regular Members (0% of shares)

- All other members are considered regular members.
 - Regular Members are households who have been members for less than 7 years
 - Regular members do not hold any shares, but can be selected for Noble Member status once they are members for 7 years and a space in the Noble ranks becomes available.
 - Regular members are expected to be actively involved in the BHA and their community.



THE PLAN GOVERNANCE



Shares Distribution
50/50 Management/Members

The new BHA will be an S Corporation that has shares that will be owned by the management and the members.

These shares will be evenly divided between the two divisions, the management and the membership, so that each has an equal share, and an equal number of votes.

The membership controls the agenda for the company, and passes various measures based on what they want the company to do.

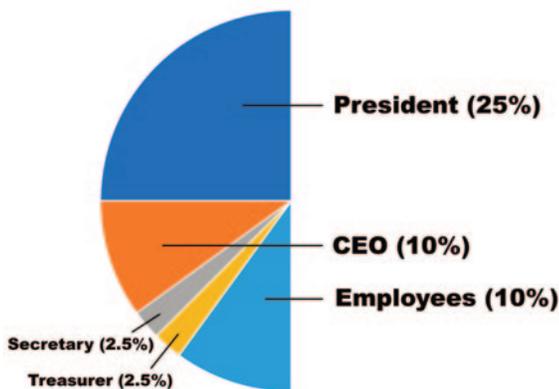
The management side is comprised of the President, CEO, Secretary, Treasurer, and employees. This side focuses on providing services to the membership.

The management side focuses on executing the will of the membership, and normally only votes to veto measures passed by the membership if the President feels that a measure they passed is impossible to achieve given available time, money & resources, is not in alignment with the company's strategic vision, and/or is not in the best interest of the company. Otherwise, the management side typically does not get involved in passing measures.

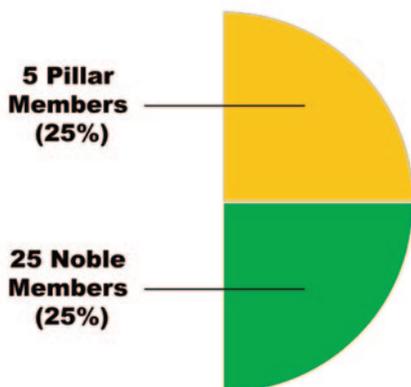
This structure emulates the executive/legislative division typically used in state and federal governments.

The membership side is comprised of 5 "Pillar" members who each control 5% of the shares, and 25 "Noble" members who each control 1% of the shares. Each member votes their shares and the side with the most shares wins.

These two divisions mirrors the Senate and House of Representatives, though here, both "houses" all vote at once.



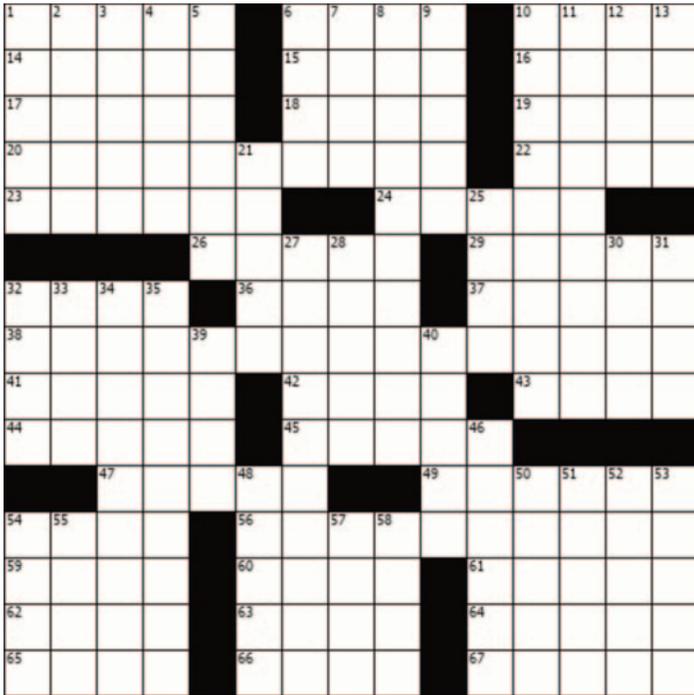
Management Distribution
Shares held by role



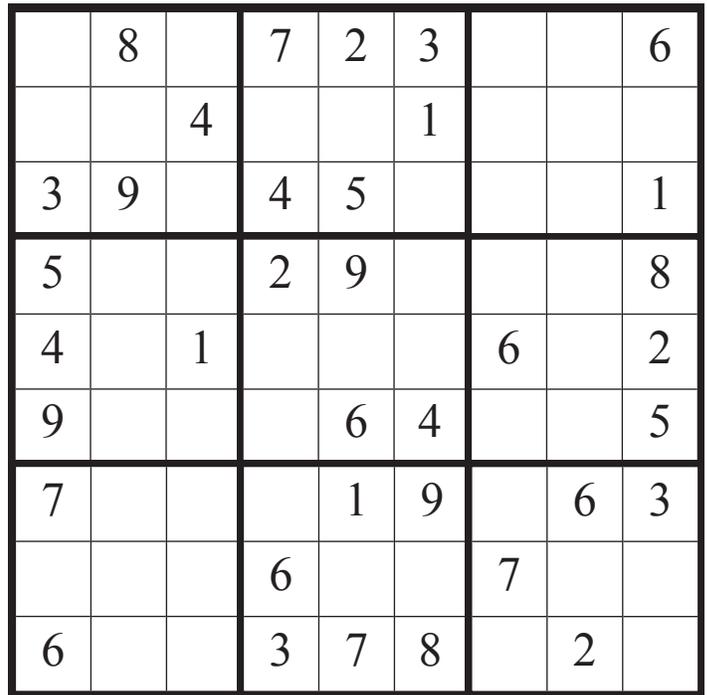
Membership Distribution
Shares held by role



Family Fun



Crossword Puzzle



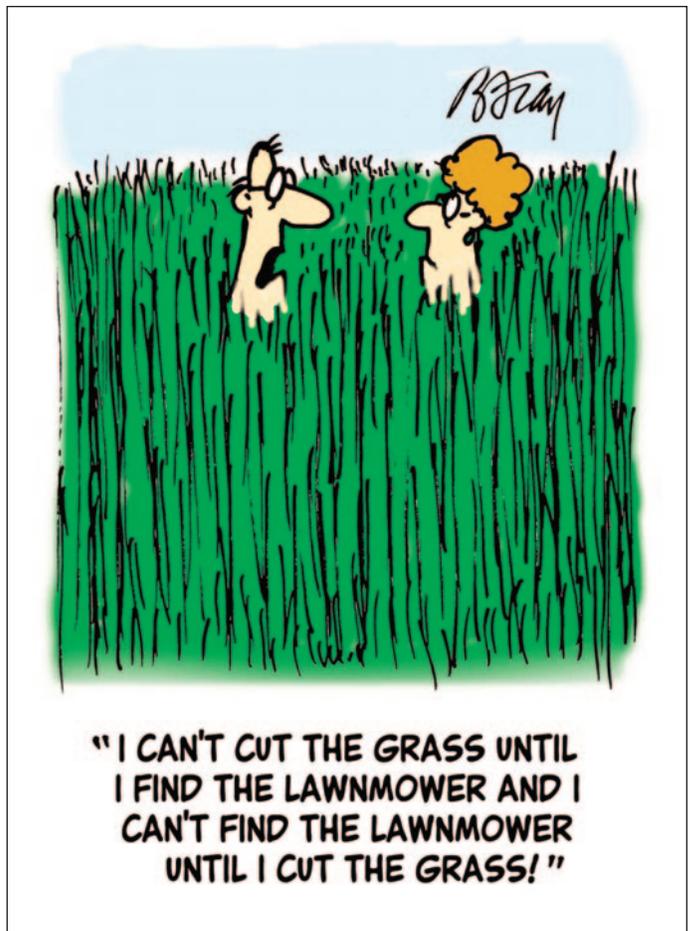
Sudoku

ACROSS

1. Knuckleheads
6. Taps with a sword
10. Clicker's picture
14. Dead to the world
15. Pale brown
16. Puppy pickup point
17. Davis of "Commander in Chief"
18. Take laborious steps
19. Hardware item
20. Distributing rabbit's-foot charms?
22. Pianist Myra
23. React to pollen, perhaps
24. Data storage units
26. Licorice flavoring
29. Perceptive
32. Follower of 'N or lip
36. Machu Picchu builder
37. Nike's swoosh, et al.
38. Get the lions working together?
41. Do-___ situation
42. Geometry calculation
43. 1962 James Bond film
44. Swarms
45. Full of good cheer
47. Black tea from Sri Lanka
49. Blue book filler
54. Kitty's comment
56. The sound of ordinary crows?
59. Rick's "Casablanca" love
60. Oklahoma city on the Cherokee Strip
61. Group belief
62. Hood's blade
63. "___ fair in love ..."
64. Try for trout
65. Web spot
66. NASDAQ counterpart
67. Purloined

DOWN

1. Actor Taye of "Rent"
2. "There's ___ every crowd!"
3. Source of irritation
4. Journalist Pyle
5. Part in a song
6. "Ed Wood" star Johnny
7. The Bruins of the NCAA
8. Bully
9. Like a bubble bath
10. One way to be left out
11. Sweetener that can't be beet?
12. Magnum follower
13. Is left with
21. Guardian spirits
25. Baby's dusting
27. Not really
28. Period of panic
30. Minor municipality
31. Gas brand in Canada
32. Dundee denizen
33. Times past
34. Bottle type
35. Outburst of outlaw activity
39. Newspaper department
40. Keep an ___ the ground
46. Nosy Parkers
48. Poseidon's place
50. What the nose knows
51. Ballroom dance
52. "The Seven Year Itch" costar Tom
53. Rival of Helena
54. Piggy's title
55. Pertaining to most students
57. Wire diameter units
58. Retailer's gds.





fire - smoke - mold - flood - repairs
24 Hours Emergency Services
Ph: (630) 543 6783

At Illinois Velocity Restoration, LLC, we know what it is like to experience a disaster, and understand that time is crucial. We are always available and on call to handle any disaster that occurs, whether it is a small leak in a basement or an unfortunate fire. Our staff has over 26 years of experience and we are certified to handle these situations. We will provide you with the peace of mind that your property will be handled as if it were our own.



We provide complete restoration services all under one roof; our 20,000-square-foot facility is located in Addison, IL, our staff is on call 24 hours a day, 7 days a week. Disasters do not take time off and neither do we; we will work swiftly to restore your home or business to pre-loss condition. We work directly with your insurance company from the time you set up your claim to moving you back into your home or business.

**Water Mitigation • Mold Remediation • Contents Pack Out and Storage
Inventory Service • Furniture Refinish • Structure Repairs**

**Illinois Velocity Restoration, LLC • 222 W. Fay Ave • Addison, IL 60101
Phone: 630-543-6783 • Web: www.ilvelocityrestoration.com**

**LICENSED BONDED AND INSURED
BBB ACCREDITED BUSINESS A+**





BHA

BUTTERFIELD HOMEOWNERS ASSOCIATION
2S104 AVONDALE LN | LOMBARD, IL 60148

