

THE HISTORY OF SAN JUAN POOLS OF OKLAHOMA, INC.

Tulsa, Oklahoma



Over the years there have been 21 different San Juan manufacturers located around the country. Some were completely independent enterprises like founder Bob Stark's operation in Seattle and Ed Harman's operation in Denver. Some were licensed franchises of the old original San Juan Products and some were wholly owned subsidiaries of San Juan Products. San Juan has undergone a long evolutionary process of change, attrition and consolidation. There are now two San Juan manufacturers. Besides the operation owned by the Sullivan brothers in Lakeland, Florida, there is San Juan Pools of Oklahoma, Inc., located in Tulsa, which is now the oldest manufacturer of fiberglass pools in the United States.



Although it is somewhat confusing to follow, the Tulsa operation was first organized as a licensed franchisee, then became a wholly owned subsidiary of the old San Juan Products, then became a licensed franchisee again and finally, following the expiration of the franchise agreement and the dissolution of the old San Juan Products, a completely independent operation.

In October 1968, Phillip C. Rooney and Joseph D. Phillips signed a franchise agreement with Ed Harman, who at the time was Vice-President of San Juan Products, Inc. “Biff” Rooney and Joe Phillips were from Dallas and wanted the Dallas franchise, but Harman had already sold that to another party. They were so impressed with the San Juan concept that they decided to move out of Dallas and buy a franchise elsewhere. A number of locations were considered including Oklahoma City, but during this time period the Port of Catoosa and the McClelland Kerr Navigational Channel construction projects were well underway, which was generating a lot of excitement about the economic future of Tulsa. This influenced them to start their new enterprise in Tulsa, Oklahoma.



In December 1968, Rooney and Phillips formed an Oklahoma corporation called Fiberglass Pools, Inc. and moved to Tulsa. Starting a new business can be difficult, and this partnership did not seem to have the harmony and drive and commitment necessary to make it work. One partner, Biff Rooney, had a background in sales and construction but had limited funds to invest. He teamed up with Joe Phillips who had come into a sizable inheritance but had no entrepreneurial experience. Phillips had put up most of the \$25,000 for the franchise and had agreed to provide another \$30,000 in working capital. Both men bought nice homes in upper middle class neighborhoods of Tulsa.

After about a year and a half, they had only installed eight pools, and two of those were in their own homes. Developing the business was more difficult than they had anticipated. At this point, they had used up their initial capital and more money was needed to continue, but Joe Phillips had become discouraged about the venture and wanted out. He refused to invest any more funds, quit the business and moved back to Dallas. Biff Rooney tried hard to raise more funds or find another investing partner, but had no success. Shortly after Phillips quit, Rooney also moved back to Dallas. Rooney and Phillips had manufactured and installed their first San Juan pool in May 1969 and their eighth and last pool in July 1970. At that time, all of the expenses of the business were paid in full.



Then along came Franklin Schrock. Schrock was the quintessential traveling salesman. He was portly and bald and outgoing and charming and drove around in a new Cadillac Coupe DeVille. His first encounter with a San Juan pool was on a highway in New Mexico in January 1970. Ed Harman, who by then had his own San Juan operation in Denver, was hauling one of his San Juan pools on a trailer from Denver to Albuquerque. Franklin spotted the pool and was fascinated by it. He turned around and followed Ed all the way to the job site in Albuquerque. Franklin introduced himself to Ed Harman and asked if he could sell pools or pool dealerships on a commission basis. Ed agreed and Schrock did sell a pool from time to time and he did call on potential dealers, but he never stayed in one place long enough to be very effective

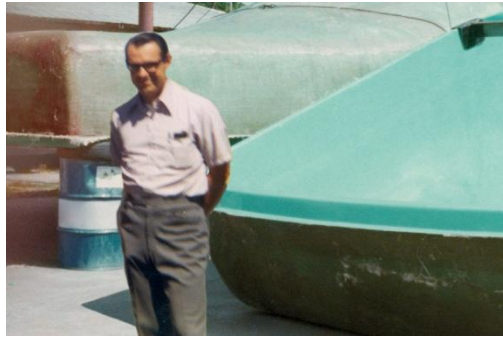
In his travels, Schrock had been to Tulsa and met Rooney and Phillips. Just before Biff Rooney left Tulsa, he made a deal with Franklin Schrock to take over the business and try to make a go of it. This was a mistake. Franklin Schrock had lots of personality and salesmanship, but unfortunately, he had no money, no business expertise, no hands on experience with fiberglass pool manufacturing and no hands on experience with fiberglass pool installation. Nevertheless Schrock somehow managed to stay in business for twelve months and somehow managed to sell, manufacture and install ten pools during that time.

In general, the pools were improperly sold, improperly manufactured and improperly installed. Most of the sales were desperation deals made at prices that were much too low just to get the business that Schrock badly needed. Schrock installed his first pool in August 1970 and his tenth and last pool in June 1971. He had dug himself into a pretty deep hole. He had quite a few unhappy customers and the business had over \$30,000 in unpaid bills that were owed to suppliers and employees and subcontractors. In July 1971, Franklin Schrock left for parts unknown in his Cadillac Coupe DeVille.

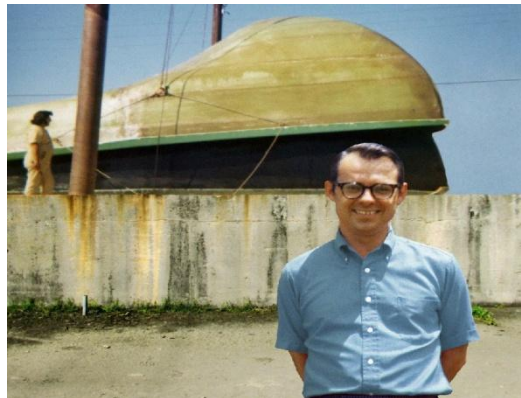
Thereafter San Juan Products contacted the two principals who had moved back to Dallas and negotiated an agreement to acquire the assets of Fiberglass Pools, Inc. They took over the lease of the manufacturing facility formerly occupied by the franchise and recovered the rights to operate in the State of Oklahoma. They contacted all of the creditors of the business and negotiated a reasonable resolution to those problems over a period of time. Because of the difficulties of this enterprise, it was decided that reselling the franchise was not a viable option. In October 1972, San Juan Products formed a wholly owned subsidiary and incorporated in the State of Oklahoma under the name of San Juan Pools of Oklahoma, Inc.



Charles H. King, Jr. was named president of the new subsidiary. Chuck King was born in 1938 in Detroit, Michigan, and grew up there. He attended Big Rapids College, the University of Michigan and the University of Colorado. From 1959 through most of 1969, he was a sales representative for Hover Ford, Inc. in Denver, Colorado. He worked for San Juan Pools in Denver from November 1969 through October 1971. He worked for San Juan Pools in Houston, Texas, from November 1971 through August 1972.



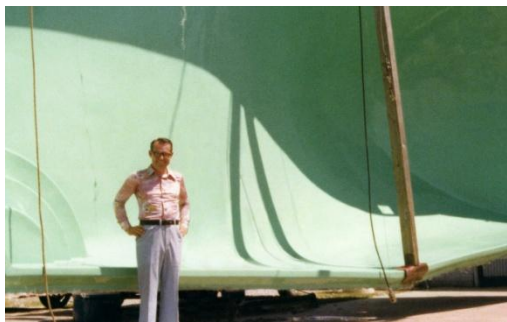
When Chuck King took over the business for San Juan Products in October 1972, there were eighteen San Juan pool owners, most of whom had complaints of one kind or another. Four customers had filed written complaints with the Better Business Bureau. All of this was resolved, which took time, effort and money. In 1973, the firm manufactured, sold and installed twelve pools and lost money. In 1974, the firm sold eighteen pools and still lost money, but not as much. The business was headed in the right direction, but it still needed more operating funds.



By the end of 1974, San Juan Products had invested a considerable amount in the Tulsa operation. San Juan Products at that time had three other wholly owned subsidiaries in Memphis, Houston and San Jose. These were larger operations and considered to have greater potential than Tulsa. They also needed more capital infusions that had not been anticipated. The decision was made not to invest any more funds in Tulsa. Chuck King was convinced that a little more time and a little more money would turn things around in Tulsa.



King then negotiated an agreement with San Juan Products for an option to purchase the business at a future date. He borrowed money through personal loans and continued to operate the business. In October 1975, Chuck King exercised his option and bought the business from San Juan Products. King now owns 100 percent of the stock of San Juan Pools of Oklahoma, Inc.



In 1976, the firm sold 35 pools and made a small profit. The business nearly tripled in the next few years as the Oklahoma economy benefited from the boom in the oil industry. When the oil boom ended, sales fell off considerably, so the company became more resourceful and resilient and increased its line of shapes and sizes of fiberglass pools by acquiring a number of other production molds. The business enjoys a well established reputation as one of the most reliable companies in the industry.



The company had a ten year franchise agreement that expired in 1985. When the franchisor lost its trademark and went out of business, San Juan Pools of Oklahoma, Inc. became a completely independent entity.



In 2002, after a seven year legal process, the U.S. Patent and Trademark Office granted an exclusive registration to Chuck King for the name San Juan Pools combined with the distinctive profile logo of a crane lifting a pool.



The original San Juan concept was a vertically integrated business model patterned after founder Bob Stark's operation in Seattle. This included not only manufacturing pools, but selling pools directly to the customer and completely installing each pool directly for the customer. The importance of the installation process was stressed because the pool site, location and preparation and proper installation procedures all have a critical bearing on the success of any fiberglass pool project, regardless of how well the pool is manufactured.



Although San Juan Pools of Oklahoma manufactures pools for dealers and for customers who self-install, the firm remains basically a vertically integrated operation that installs most of the pools that it manufactures.



The company is operated in a conservative manner and is long term oriented. The firm has been here and done this, day in and day out since 1969 and continues to build its name and reputation the old fashioned way by earning it, one pool at a time.

The company has always had a direct relationship with the customer where the rubber meets the road. Over the years, they have become highly specialized in dealing with virtually any issue related to fiberglass pools. The firm has considerable experience in fiberglass pool repairs, flotation damage, pool removal, pool rebuilding, pool transporting, pool reinstallation and a myriad of other issues.



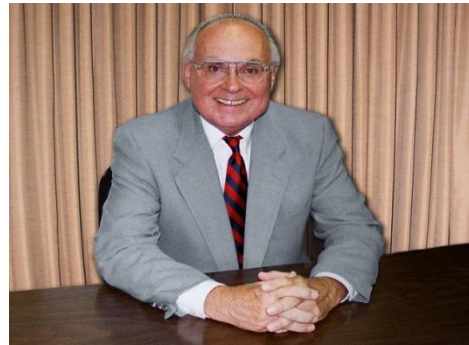
San Juan is a green company that believes in recycling. Sometimes pools 35 or 40 years old may no longer be wanted. They can be removed and installed elsewhere, as is, or they can be rebuilt to current standards and then resold. The firm is committed to the welfare of its pools regardless of age.

No other firm can offer this vast reservoir of 45 years of fiberglass pool experience that directly benefits every San Juan customer in countless ways.

San Juan Pools of Oklahoma, Inc. has been a member of the Association of Pool and Spa Professionals (APSP) and its predecessor organization, the National Spa and Pool Institute (NSPI), since 1974. Mr. King was a founding member of the Oklahoma Chapter of the NSPI and served over the years in various capacities as Director, Treasurer, Vice President and President.

King is also a founding member of the American Composites Manufacturers Association (ACMA), a nonprofit organization representing fiberglass manufacturers nationwide dedicated to the continuous improvement and refinement of all different kinds of fiberglass products. He has served in that organization as Director and Vice-President.

In addition, Chuck King has been a member of the business organization known as the Executives of Tulsa Club since 1980, having served as Director, Vice-President and President. The company has been a member of the Better Business Bureau since 1974.



San Juan pools have been manufactured at the same location in Tulsa, Oklahoma, since 1969. There were a number of other fiberglass pool manufacturers that started before 1969, but none are still in business. San Juan Pools of Oklahoma, Inc. is now the oldest manufacturer of fiberglass pools in the United States.



