



## Resident Owners Meeting

The **Plaintiffs** plan to have a meeting of **Residential Unit Owners** on **June 29** or sometime between then and July 7, when most owners are here for the July 4th week. In preparation for the discussions, I'm providing some basic financial information that may be helpful to understand. We will discuss this at the meeting.

Our primary problem is the **Services Agreements**. Because of them we have to pay **\$600 per month** (one-bedroom unit) or **\$700 per month** (two-bedroom unit) to **Pointe Group/Holdco** as either a **Concierge or Lifestyle Fee** (depending on which version of the Services Agreement you signed).

We are suing to have the **Services Agreements** declared **unenforceable and void**. But until we get a court's ruling, we are technically bound by the contracts and PG-Holdco could take any of us to court to get a ruling against us and a possible lien on our property if we didn't pay (they won't while we have active litigation against them). So, I will use the **\$600** or **\$700** per month as the **Concierge/Lifestyle Fee**.

## Current Fees

Figure 1 shows the **FY2024 Budget** assessments for **Condo Fees**. It also includes the **Concierge/Lifestyle Fee** and the amount of the **Rent for the Manager's Office** that the Residents are responsible for. Follow the lines for **"Independent Residential Units"** and **"Point Group Total"** (both highlighted in light yellow). "Independent" is used to designate the 67 Residential Units not owned by PG-Holdco (they own 9 Affordable and 5 Entrance Fee units).

\$1,497,761	Per month:	\$821	\$ 619	\$37	\$1,478	
\$1,433,051	Per Year:	\$9,857	\$7,433	\$445	\$17,735	
<b>OWNER GROUP</b>	<b>BENEFICIAL INTERESTS</b>	<b>2024 CONDO FEE</b>	<b>ANNUAL CONCIERGE FEES</b>	<b>RENT FOR MGR OFFICE</b>	<b>CONDO &amp; CONCIERGE &amp; RENT</b>	<b>EFFECTIVE PERCENT</b>
Independent Residential Units	46.1%	\$660,413	\$498,000	\$29,821	\$1,188,234	82.9%
Holdco Owned Residential Units	6.6%	\$94,287	\$0.00	\$0	\$94,287	
<b>SERVICE UNITS</b>	20.1%	\$288,239	(\$258,418)	(\$29,821)	\$0.00	
<b>SKILLED NURSING &amp; REHAB FACILITY</b>	21.1%	\$302,008	(\$239,582)	\$0.00	\$62,426	
<b>GARAGE UNIT TOTAL</b>	6.1%	\$88,104	\$0.00	\$0.00	\$88,104	
<b>POINTE GROUP TOTAL</b>	<b>53.9%</b>	<b>\$772,638</b>	<b>(\$498,000)</b>	<b>(\$29,821)</b>	<b>\$244,817</b>	<b>17.1%</b>

Figure 1. The Rent Fee for the Manager's Office has been subtracted from the Budget and is being charged separately

The **Independent Residents** are responsible for **46.1%** of the **Condo Fee** budget, which comes to **\$660,413** in total. On average, we each owe **\$9,857** (blue box) per year, or **\$821** (green box) per month in **Condo Fees**.

**Independent Residents** are supposed to pay **\$498,000** a year in **Concierge/Lifestyle Fees**, which is an average of **\$7,433 per year per unit** or **\$619 per month**. Finally, our share of the **Rent for the Manager's Office** is **\$29,821**, which adds **\$445 per year per unit** to our costs or **\$37 per month**. So, in total, the **Independent Residents** pay **\$1,188,234** of the **\$1,433,051** budget, which is really **82.9%** of the budget. (It is an even larger percentage when we add in the Garage Fees).

**Pointe Group** is assessed **53.9%** of the Condo Budget. But they receive the **Concierge/Lifestyle Fees** to help offset the cost of the **Service Units**. They also get the **rent for the Manager's Office**. They get enough in fees from the Residents to completely pay the **Condo Fees** for the **Service Units** plus about **\$239,582 in excess fees** which they can apply towards the **Condo Fees** they have to pay for the **Nursing Home**. That can effectively reduce the costs for the **Nursing Home** from **\$302,088** to only **\$62,426**.

The **Garage Unit** has 42 parking spaces that charge **\$275** per month. PG-Holdco can potentially receive another **\$138,600** per year in parking fees to offset the **\$88,104** they pay in **Condo Fees**. But this Newsletter is dealing with the effect of the **Service Units** and the cost difference if we bought them. The Garage Fees will be the same in both scenarios.

The bottom line for the **PG-Holdco** is, they are supposed to pay **53.9%** of the Condo Budget which is **\$772,608** but because of the fees they charge in the Services Agreements and the rent for the Manager's Office, PG-Holdco only ends up paying **\$244,817** (minus whatever they collect for the Garage). They effectively pay only **17.1%** of the budget.

## Residential Condo Association

PG-Holdco has been pressing since 2020 for us to create a separate **Residential Condo Association (RCA)** for the Residents and a **Commercial Condo Association (CCA)** (Nursing Home and Garage). There are many ways to do it but one could be for the **CCA** to have a footprint that would be the entire first floor of the Phase 1 building minus the Common Areas such as the lobby, hallway, stairways, elevator, mailboxes, etc.

The **RCA** would have a footprint that included the first floor of the Phase 2 building plus the entire second and third floors of both Phase 1 and Phase 2 buildings. It would exclude the Common Areas of the lobbies, hallways, stairways, elevator, etc.

Each of the sub-associations would be responsible for the governance, management and common expenses of their respective footprints. This would still leave Common Expenses that we share in common such as the operating and capital expense for the roof and exterior envelop, trash removal, landscaping, snow removal, boiler room, parking lot maintenance, utilities, etc.

We could structure it so that the existing **Seashore Point Condo Association (SSP Condo)** would create a budget of Common Expenses that we still shared. Then each sub-association would be invoiced by **SSP Condo** according to their existing **Beneficial Interests**. The sub-associations would then be responsible for assessing their members an appropriate **Condo Fee** to pay **SSP Condo**.

If we use the **FY2024 Budget** in Figure 1, the **Independent Residential Units** and the **PG-Holdco Residential Units** would owe **46.1%** plus **6.6%** for a total of **52.7%** of the SSP Condo Budget. Plus, the **Service Units** would be part of the **RCA** so that would be another **20.1%**. The **RCA** would be invoiced for **62.8%** of **\$1,433,051** budget, or **\$1,042,939** (Figure 2).

	\$1,042,939	\$1,135	MONTHLY	(\$342.78)
	1.898836	\$13,622	ANNUAL	(\$4,113.32)
OWNER GROUP	RCA BENEFICIAL INTERESTS	RCA CONDO FEES	EFFECTIVE PERCENT	CHANGE FROM CURRENT
Independent Residents	87.5%	\$912,642	63.7%	(\$275,593)
PG-Holdco Residence	12.5%	\$130,297	9.1%	
<b>RCA ASSESSMENT</b>	<b>100.0%</b>	<b>\$1,042,939</b>	<b>72.8%</b>	
SKILLED NURSING & REHAB FACILITY		\$302,008	21.1%	
GARAGE UNIT TOTAL		\$88,104	6.1%	
<b>COMMERCIAL ASSESSMENT</b>		<b>\$520,409</b>	<b>36.3%</b>	<b>\$275,593</b>
		<b>\$1,433,051</b>	<b>100.0%</b>	

Figure 2.

In the RCA the residents would be assigned a new Beneficial Interest for that Condo Association. It would be their current Beneficial Interest in the SSP Condo multiplied by 1.898836. This would be necessary so that the RCA pays 100% of its bills. The **Independent Residents** would owe **\$912,642** in **Total Fees** (the Concierge/Lifestyle Fee and the Rent for the Manager's Office would go away). That averages **\$13,666** per Residential Unit per year or **\$1,135** per month in total fees.

That compares to our current **\$1,188,234** in total fees, which is an average of **\$17,735** per unit per year or **\$1,478** per unit per month. That saves the Resident Owners **\$275,593** per year or about **\$4,113** per unit per year, which is **\$343** per month. But you have to remember that our **Current Fees** includes the additional **\$350** per month that **PG-Holdco** added to the Concierge/Lifestyle Fee in January 2023. So, this takes us back to what we should be paying.

The **Service Units** are in the RCA's footprint. They are for the benefit of the residents and the Nursing Home has no benefit from them. This takes the burden of the **Service Units** off the **Nursing Home** and gives the Residents control of their **RCA**. The Residents would also have control of **SSP Condo Association** by virtue of their higher **Beneficial Interests** from owning the Service Units.

The remaining question is, **should we pay to own the Fitness Center, Hatches Harbor, Breezy Point, Library, Private Dining Room, Point Room, Residents Laundry and the Main Dining Room**. And if so, how much? Or should we maintain that these are **Common Areas** and continue pursuing litigation to get a court to declare that they are? We expect a much more robust conversation about these issues at the upcoming **Resident Owners Meeting**.

Warmest Regards,  
**Rob Compton**  
**Residential Trustee**  
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