Memo

To: David Twiggs, COO/General Manager
From: Linda Mayhood, Asst. General Manager
Date: March 16, 2016
Re: Motion – Approve Mt. Carmel Request to Amend Agreement

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Motion

I move to approve Mt. Carmel’s Request to amend the agreement to increase the number of Alzheimer units to 25 from 14 and reduce the total number of assessments by 11 to 72 units, plus 1 assessment for the facility lot.

Background:

A Development Agreement (Phase I) with Mt. Carmel was approved by the Board of Directors on February 15, 2012 for construction of a 75 unit (including 14 Alzheimer units) senior citizen assisted living facility within Hot Springs Village. Per the Agreement, after the first twelve months from the first certificate of occupancy, Mt. Carmel would pay prevailing monthly property owner assessment for each of the 75 units.

On September 4, 2013, the Board approved an amendment to the Agreement in which Mt. Carmel would pay prevailing monthly property owner assessments for 62 units and one assessment for the 14 Alzheimer units for a total of 63 assessments, after the first twelve months from the first certificate of occupancy.

On March 20, 2013, the Board approved a Development Agreement for Mt. Carmel Phase II, which included 16 Garden Homes in which Mt. Carmel would pay prevailing monthly property owner assessments for each, after the first twelve months from the first certificate of occupancy.

On January 21, 2015, the Board approved a Development Agreement for Mt. Carmel Phase III consisting of 22 Garden Homes. During the first twelve months after the first certificate of occupancy is issued, Mt. Carmel would pay monthly assessments based on each unit that is occupied for any portion of that month; and at the conclusion of that twelve month period, they will pay such fees for all units, regardless of occupancy. As of January 1, 2016, 4 Phase III units were occupied.

As of January 1, 2016 Mr. Carmel pays a total of * 83 living unit assessments at $65 each per month, plus 1 assessment for the facility lot at $37.52 per month. (* 82 assessments for 82 living units and 1 assessment for the 14 Alzheimer units.)

Mt. Carmel is requesting a second Amendment to the (Phase I) Agreement to reduce the total number of assessments by 11 to 72 units, plus 1 assessment for the facility lot. They wish to increase the total Alzheimer units to 25 from 14. It is noted the Alzheimer unit residents do not use the POA facilities or amenities and currently do not request a membership card.
Total assessments currently being paid equate to $5,432.52 per month or $65,190.24 per year. If the reduction of 11 units is approved, Mt. Carmel would pay $4,717.52 per month or $56,610.24 per year. This would be a reduction of $715 per month or $8,580 per year. This would go into effect April 1, 2016, if approved.

Subsequent to discussions at the February 17, 2016 board meeting, POA legal counsel provided an opinion concluding that the Board of Directors has the authority to contract with facilities such as Good Sam’s and Mt. Carmel for the establishment and collection of assessments from residents of these facilities who are not owners of lots or living units.