



**Plaza Deck Hot Tub Area Rehab Project  
Frequently Asked Questions  
August 4, 2018**

Why is this project necessary?

The project is necessary to address concerns with the structural planks supporting the recreation deck in the area of the hot tubs. The planks are showing signs of water infiltration affecting the structural components of the plaza deck in this area.

In addition to the structural repairs the project scope also includes replacing extensive mechanical, electrical, heating and plumbing equipment which has exceeded its useful service life and is no longer reliable or even repairable in some cases.

What are members being asked to vote on?

Two things.

First - the members are being asked to vote for their preference: a) to either replace the ocean front hot tub area as is presently exists (the 2016 Plan); or b) to replace the ocean front hot tub area with the alternate contemporary design (the 2018 Plan). Assuming a significant homeowner response and assuming a majority of votes are cast, the Seapointe Village Master Council will be guided by the vote based on which plan receives the majority of votes.

Second - the members are being asked to vote on authorization to open a line of credit to finance the project. This requires 67% favorable owner's response to proceed with a line of credit

The members of the Seapointe Village Master Association are not being asked to vote to determine whether or not the ocean front hot tub area work to access, repair and waterproof the structural planks supporting this area should be done. Approval from the membership is not required nor necessary for this work. The Seapointe Village Master Association governing documents state that the Master Council has the powers and duties and responsibility for the maintenance, repair, replacement, management, operation, and administration of the Community Facilities. The Master Council also has the authority, power and duty to plan for and execute any additions, improvements or renewals to the Community Facilities.

What is the difference between the two Plan options?

The 2016 Plan rebuilds the hot tubs, waterfall and lagoon in the same locations as existing. The new hot tubs are oval, a slightly change from existing. The decorative gunite rockwork is replaced with tile.

Under the 2018 Plan, all three hot tubs will be moved west, closer to the BBQ grills and all will be on same level. The new hot tubs will be inherently ADA compliant and much more readily accessible from wheelchairs than the current design. A new elevated lounging deck will be located in the space created by removing the spas and elevated gazebo. This deck is elevated a few feet higher than the hot tubs to take advantage of the ocean view. The elevated gazebo will be removed and the fencing around the elevated deck will be laminated glass. The waterfall feature will be relocated to the center of the oceanfront pool. The kiddie pool will be relocated to where the waterfall pool is presently located and is adjacent to the lifeguard stand.

What happens if the line of credit is approved/ is not approved?

If the line of credit is authorized, the plaza deck hot tub area rehab project will begin this October. By authorizing a line of credit, a Master Association member can either pay in full without interest or have the payment flexibility to pay out over time (up to 60 months, with interest). In addition, the assessment will be implemented at the completion of the project when all project expenses have been determined (sometime during Summer 2019).

If the line of credit is not authorized, the plaza deck hot tub area rehab project will begin in October 2019. Should the project be delayed one year, the project costs may be increased due to inflation and any increases due to equipment and/or supplies. Assessments will be implemented this Fall, due in full before next Memorial Day, in order to have the funds in hand before the project contract is executed. Homeowners assessments will be based on pre-project estimates, with an accounting reconciliation at the end of the project in Summer 2020.

What is the budget for the project?

The budget for this project includes construction costs for repair, rehabilitation and restoration of the area, plus professional fees for legal services, consultant work for concept plans, design, preparation of plans and specifications, construction oversight and miscellaneous administrative expenses for fees, permits and related costs. The total project costs are estimated at \$3.5 million. The \$3.5 million is a combination of the contractor's estimate (which is based on detailed plans and specifications, as developed by the design professionals) and professional fees, most of which are already determined.

The construction cost for the 2018 Plan is estimated to be slightly higher than the 2016 Plan. The SV Master Council is still working with the construction contractor to finalize some of the alternates and component costs, but it appears the 2016 Plan construction cost estimate is just under \$3 million, and the 2018 Plan construction cost estimate is just over \$3 million. The total project cost for BOTH 2016 and 2018 plans is estimated at \$3.5 million.

Allowances and contingencies as determined by the design professionals, contractor and SV Master Council are also included in the \$3.5million. There is a very nominal unknown component to the project, and with allowances built into the project cost, there is little to no risk the construction cost will exceed the limit of the line of credit.

Does this project include landscaping, repairs, restorations, enhancement work after the build?

The total project budget includes full restoration of the area, including allowances for landscaping, irrigation, and sight lighting.

Were bid documents prepared for issuance for a bid?

Plans and specifications for both projects were completed in order for the contractor to provide project cost estimates. The Seapointe Village Master Council has worked with the architects and engineers to develop plans and specifications for both Plans. The contractor has a defined scope of work for each Plan.

The 2016 was sent out for competitive bid. Why isn't the 2018 Plan being send out for bids?

The 2018 Plan was developed as a joint effort between the design professionals and the contractor. Merrell &Garaguso's (M&G) history with Seapointe since they were the successful low bidder during two previous projects. Their first project was the 2004-2005 plaza deck rehab project. This project continues to perform as intended. The second project was the 2016 plaza deck hot tub area rehab project, where M&G was the low bidder following a competitive bidding process. The SV Master Council decided to collaborate with M&G during the design phase to identify materials and methods to control the costs for the 2018 Plan design.

Is the project being contracted for as a not to exceed? If not what contingency has been built into the \$3mm?

The AIA form of contract will be executed with the contractor, including the accepted proposal, schedule of values, and project schedule. The project contract price includes allowances for some unknowns. Those unknown quantities for plank repairs will include unit pricing. The contractor included allowances and contingencies in their estimate. The Master Council has also incorporated an allowance in their pre-construction estimate. The risk, or unknown in this project is the degree of damage to the structural planks. Our structural engineer included an allowance for repairs of up to 500 sf. Total area of the project is about 5,000 sf.

Considering the minimal level of unknowns in the project, the construction cost will not exceed \$3.5 million. If professional fees were to raise the total project cost above \$3.5 million, any overage would be financed from the Master Association Reserve Fund, which is how the professional fees to date have been paid.

How much will the assessment be?

The range of individual unit assessments is estimated based on the preliminary project budget. The actual assessment will be determined at the conclusion of the project. The per unit assessment is determined in a similar fashion as the Master Association annual operating budget, a combination of per-unit and per-population allocation of the project cost components. The range of homeowners' assessment is estimated to be approximately between \$6,200 and \$7,800 depending on unit type.

Th estimated range of assessments is simply that – a preliminary estimate. It is estimated that the smaller (1 bedroom) units may have an assessment of approximately \$6,200. It is estimated that the largest (2 bedroom den units, townhomes and single family homes) units may have an assessment of approximately \$7,800. The actual range will be based on the actual costs for the project and will be determined at the conclusion of the project when all costs are known and all closeout requirements have been satisfied.

How is the assessment calculated?

Most likely, allocation of the assessment will follow the same allocation method as the SV Master Association annual operating budget. Professional fees and admin expenses will be allocated equally across all units. Professional fees include all design professionals, legal fees, any accounting or other consulting services, and construction oversight. Proposals with the design professionals have already been executed which outline the professional fees before and during the project. Construction and related hard costs of the infrastructure and amenities can be allocated by a combination of unit based and population based formulas, depending on the nature of the work. For historical reference, this same assessment allocation was utilized during the 2004-2005 plaza deck rehab project, and the same method is being followed for this project.

What happens if owners don't pay their assessment?

The Association follows collection efforts as determined by the Association governing documents and the collection attorney; late fees as assessed, liens are filed against the unit, and then personal judgment action is taken against the individual. The foreclosure route typically doesn't result in collecting the assessment, because if the unit owner goes into foreclosure, more than likely their mortgage is also in foreclosure...and based upon past experience, the outstanding mortgage is higher than market value, meaning that after sheriff sale, there usually aren't remaining funds to pay the assessments.

The extra-ordinary rehab projects for the villages totaled over \$18 million. Of this, total bad debt is less than \$250,000, or about 1.3%. For this \$3.5 million assessment allocated across 499 members, bad debt is expected to be nominal.

What bank will be used for the financing?

Crest Savings Bank and Popular Association Bank were contacted. Seapointe Village has long term banking and depository relationships with both. Both financial institutions have also provided rehab loans to the constituent villages over the past 10 years.

The line of credit being sought is for borrowing up to \$3.5 million line for a period of 12 months. The line is specific for this project. At the end of 12 months, any outstanding balance on the line will convert to a 60 month term loan. While we are still negotiating with both banks, preliminary term sheets indicate the line of credit is at a rate of 3.5% during the 12 month line, converting to a 60 year loan at 4.70%.

Please describe what ongoing fees for legal services are foreseen that are needed.

Legal services include construction contract preparation and review, loan documentation review and preparation, and general legal advice to the Seapointe Village Master Council throughout the course of this project.

Construction oversight will be performed by whom/what firm?

The construction oversight firm has not yet been confirmed. The fee is based on an hourly rate for services performed. The project budget includes a construction oversight manager to verify work is being done to specification and to coordinate communication between the contractor and professionals.

Do owners in the Ibis Residences pay the assessment?

Only members of the Seapointe Village Master Association are assessed for this project. The Ibis Residences are not part of the Seapointe Village Master Association. As part of the Land Purchase and Development Restrictions Agreement ratified by the Master Association membership and executed in October 2000, residential unit owners in the Ibis Residences pay an amenity usage fee in order for their residents to use the Master Association facilities. This cumulative amenity usage fee in fiscal 2018 is approximately \$90,000.