



Century Village of Boca Raton

2028 OPTION TO PURCHASE THE CLUBHOUSE AND RECREATION FACILITIES AND ACQUISITION OF COMMUNITY SERVICES

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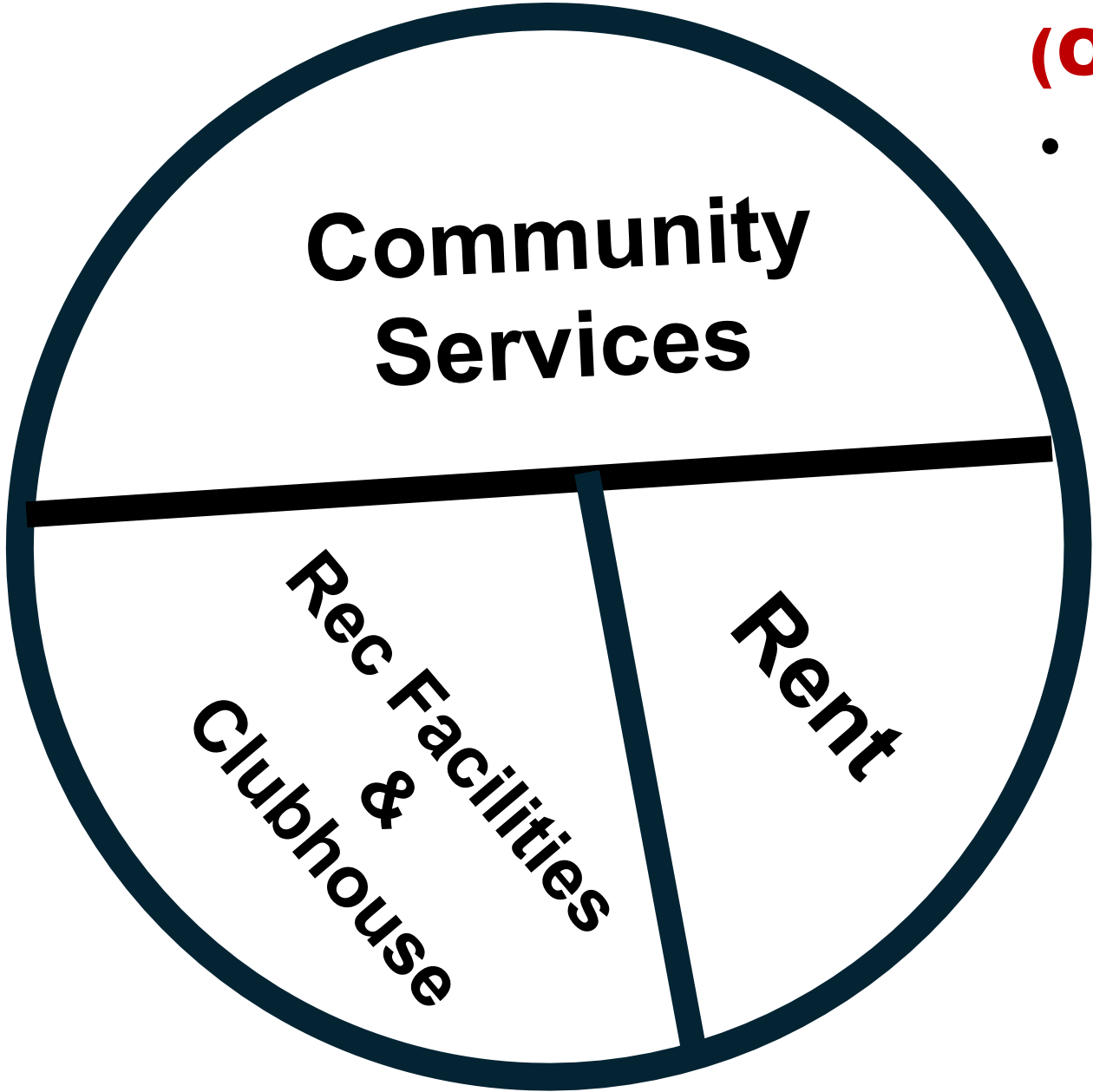
Century Village of Boca Raton

TOP TEN QUESTIONS ABOUT THE OPTION TO PURCHASE THE CLUBHOUSE AND ACQUISITION OF COMMUNITY SERVICES

OUR CEN-WEST COUPON

Community Services

- Water management
- Security
- Lighting
- Transportation / buses
- Roads
- Landscaping
- Other maintenance



Rec. Facilities & Clubhouse (Operational Rent)

- Clubhouse and its amenities
- Association Pools
- Tennis and Pickleball Courts

Base Rent

- Levy Organization Return on Investment (ROI)
- If we exercise the Option, this will go away once all runout rents are paid.

A FEW KEY TERMS



DECLARATION

- A legal document for creating a condominium. It describes the common elements and the individual Units and includes the terms and conditions of how the Unit can be used.

CLUBHOUSE AND RECREATIONAL FACILITIES

- The Clubhouse and its amenities: Theater, Fitness Center, Exercise Rooms, Party Room, Club Rooms, Indoor and Outdoor Pool
- Association Pools
- Tennis and Pickleball Courts

A FEW KEY TERMS



COMMUNITY SERVICES

- The most expensive part of our Cen-West Coupon, including: water management; security; lighting; transportation / buses; roads, landscaping and other maintenance services outside of our Associations.

MASTER MANAGEMENT

- When you bought your Unit you became party to a legally binding agreement called the Master Management Agreement. It means that you effectively hired Cen-West Communities (Levy Organization) to manage Community Services operations on your behalf.

QUESTION 1

WHAT IS THE 50-YEAR LEASE THAT THIS OPTION REFERS TO?

- **When you bought your Unit, you became party to a 50-year lease with the Levy Organization, (owner of the Rec. Facilities).**
- **As part of the lease you are required to pay rent to use the Clubhouse & Rec. Facilities. Rent is comprised of Operational Rent (operating expenses) and Base Rent (appx \$70 in profit).**
- **The clock started ticking on your Unit's 50-year lease obligation to the Levy Organization from the date of your Association's Declaration.**

QUESTION 2

WHY DO WE HAVE THIS OPTION TO PURCHASE THE CLUBHOUSE AND REC. FACILITIES IN 2028?

By 1978, when the first buildings in Century Village were being built, the condo laws had added certain protections for Unit Owners. That is why our documents include the Option to Purchase the Rec. Facilities - - after satisfying our rent obligations to the developer (Levy Organization) for 50 years.

$$**1978 + 50 years = 2028**$$

QUESTION 3

WHAT IS THE COST OF BUYING THE CLUBHOUSE?

- **The cost of the Clubhouse and Rec. Facilities under the Option is the equivalent of one year's Base Rent, which is \$4.7 million.**

\$70 (appx) X 12 months X 5,712 Units = appx \$4.7 million

- **This rent is separate and apart from the costs of running the various amenities that we enjoy in the Village, such as the use of the Clubhouse, pools, tennis courts as well as water management, security and road management, to name a few.**

QUESTION 4

WHAT IS THE TOTAL COST OF THIS BUYOUT?

The true cost is the price of the Clubhouse and Rec Facilities, which is fixed at \$4.7 million **PLUS** the “runout” rents, which total appx \$8.3 million, for a total of appx \$13 million.

QUESTION 5

WHAT IS THE “RUNOUT” RENT?

- **It took almost 5 years to build all of Century Village, starting on the south end in 1978 and finishing on the north end in 1983. Every Association’s 50-year lease obligation starts from the date of its Declaration.**
- **Those Associations built first will finish their rent obligations before those built later. After 2028, if we buy the Clubhouse and Rec. Facilities, each Association will still owe a certain number of months in rent (the “runouts”), depending on when it was built, which determines the date of the Declaration.**

QUESTION 6

HOW WILL WE PAY FOR THE CLUBHOUSE AND THE RUNOUTS?

We can't answer this question at this time. We are looking at hiring professionals in the real estate business and in financial services who will help us figure out what arrangement best serves the Unit Owners' interests.

QUESTION 7

WHAT HAPPENS IF WE BUY THE CLUBHOUSE?

- **Once the buyout and runout leases are paid, Unit Owners collectively will save the \$4.7 million / year in rent we now pay the Levy Organization. This figure represents their profit, which is separate and apart from the expenses incurred in running the Village.**
- **This means that the \$70 (appx) that every Unit Owner pays each month as part of their coupon will go away.**
- **Unit Owners will control the use and operations of the Rec. Facilities; we will hire a real estate management company to manage its operations.**

QUESTION 8

WHAT HAPPENS IF WE DON'T BUY THE CLUBHOUSE?

- The Levy Organization could sell the Clubhouse and the land it sits on to the highest bidder.
- The Levy Organization could open the Rec. Facilities up to the public. This includes the tennis and pickleball courts, pools and the Clubhouse.
- The Levy Organization could significantly raise the rent when the lease expires on December 28, 2028 to Unit Owners for the use of the Clubhouse and Rec. facilities.
- **NOTE:** The purchase or failure to purchase the Clubhouse / Rec. Facilities will have no effect on ownership of your Unit.

QUESTION 9

WHO IS ACQUIRING COMMUNITY SERVICES IN 2028, AND WHY?

- **Community Services is the most expensive part of our Cen-West Coupon (water management, security, lighting, transportation / buses, landscaping and other maintenance services outside of our Associations).**
- **On December 29, 2028, the Master Management Agreement expires, and Unit Owners will take over the operation and management of Community Services. This is not open to negotiation. On December 29, 2028 Community Services Automatically Come Under Unit Owner Control Even if We Don't Vote to Buy the Clubhouse and Rec. Facilities.**

QUESTION 10

WHAT IS THE MOST IMPORTANT THING TO KNOW ABOUT THE OPTION TO PURCHASE THE CLUBHOUSE & REC. FACILITIES?

- This deal will enable Unit Owners to control their own community at a fraction of the price that the Clubhouse building and land are worth – even with the runout rent costs. (**total cost per unit** of the runout rents runs from under \$200 in the oldest association to under \$5,000 in the newest association).
- As previously noted, we are exploring the best and fairest way for the entire Century Village community to pay off these obligations.
- It is unrealistic to think if the Option doesn't pass that the Levy Organization will continue to charge Unit Owners the same rent, or that they will even own the property past December 2028.
- Simply put, this deal is in the best interest of every Unit Owner.

