



June 20, 2023

Residents,

The BOD has conducted a thorough review of our community's rental policy. Numerous factors were considered including our balance sheet, projected renovation cost, facility utilization, depreciation and the POA's annual assessments. Our analysis also included benchmarking other associations and feedback from our insurance carrier, attorney and tax advisor.

The main intent of revising our rental policy is to fulfill the BOD's fiduciary responsibility to preserve and improve POA assets in the most cost-effective ways. We believe generating additional rental income from external sources will help us fund the renovations of our River Club amenity sooner, while maintaining competitive annual assessments and afford residents continued and fair access to their amenities.

The intent of this letter is to provide clarity about how and why we are changing the rental policy.

Background

In 2022, the BOD conducted a community survey in which a majority of residents supported renting the River Club provided the income was used to cover operating expenses. The former declarant gifted the River Club for a nominal sum and the facility, now owned by the POA, is undergoing on-going repairs & renovations. Utilization of the River Club for events by residents and external 3rd parties is low in comparison to other developments.

Our 2023 budget included a comprehensive renovation of the River Club exterior. In addition, it allocated cost for *interior* renovations to be expensed over a 3-year period. Updating the River Club was also rated a high priority on the community survey. Upon learning we could get up to 35% additional income from renovating the second floor, we accelerated the renovation timetable.

With these considerations in mind, the BOD organized an ad-hoc committee to review past rental practices, compile market comparisons and research additional income opportunities. The committee worked with three local event planning companies that competed for our 3rd party rental business. We learned a great deal with the committees help, which led the board to ultimately chose Signature Catering as our exclusive event planner.

Summary:

In addition to fulfilling our fiduciary responsibility, the BOD feels that utilizing an established 3rd party event planner to generate increased income is a sound business decision for our association. The board exercised its authority for what we believe is in our community's best interest. By generating increased rental income, the POA can renovate our facilities earlier, while generating a better return on investment. It also allows us to strengthen our balance sheet by building sufficient reserves for future needs.

Below is a summary of the questions we anticipate you may have. If there are others, please feel free to contact us.

Thanks,

Coosaw Point POA Board

Under what circumstances will property owners be required to rent the River Club or Crab Shack facilities?

For functions not open to all property owners or events that restricts amenity access. Examples are graduations, retirement parties, birthdays, weddings/baby showers, etc. *Sub-renting (property owner renting for someone else outside the community) or charging For a Profit fee for event attendees is not allowed.*

What are the priorities for reserving the facility space? POA sponsored events have 1st priority on the calendar. In fact, the dates for all 2024 POA events are already reserved on the community calendar. The next priority is for property owner rentals. Lastly are the 3rd party rentals. <https://www.coosawpoint.com/events-calendar>

Who is Signature Catering? Signature Catering & Events are part of the SERG Group and provide turnkey event planning. The award-winning company is rated top by leading groups such as The Knot. They will provide all services for events from planning to clean-up. They carry their own liability insurance and liquor license. More information on them can be found at <https://signaturecateringghi.com>

What will be the ongoing cost to us to contract with Signature? The POA will not incur any cost for the event planner as the 3rd party renters pay all associated cost. Signature Catering provides marketing on our behalf to over 68,000 clients and plans to hold a complimentary welcome event for our community in conjunction with the River Club reopening in the fall. They are also available to cater for community events for a per person event fee.

How many times will the facilities be rented out? There are no restrictions for the number of rentals by residents. For the 3rd party there is an annual limit of 12 weddings, and 20 smaller events such as corporate retreats or small parties. This will be reviewed annually.

Who receives the income from the rentals? Coosaw Point POA will receive the rental fees directly from the client. For 3rd party rentals, the client will be required to give a 50% non-refundable deposit to secure the date. The balance is due 90 days prior to the event.

Will the third-floor apartment be rented? For 3rd party wedding rentals, the apartment space will be included for outside rentals. Forino will receive a pro-rated amount from the rental fee charged to cover its cost for the apartment renovations.

How will the POA use the funds from the rental income? A portion of the income will be accrued for taxes. The balance will fund reserves to pay back renovation costs.

How will we know when the facility is closed for a rental? The Member Services Coordinator will facilitate the community calendar to give visibility. In addition, notices will be added to the newsletters.

Will the pool be closed? Our intent is to keep the pool open throughout the published season. However, if special circumstances arise where the pool may need to close, ample notice will be provided.

What is the cost to rent the facilities for 3rd parties? The cost to rent the Crab Shack is \$1500.00/day. Renters will be required to provide portable restrooms. The cost to rent the entire River Club is \$10,000.00/day. This rate may be adjusted depending on the day or type of event.

What is the cost to rent the facilities for property owners? The minimum cost to rent the Crab Shack is \$200.00 which includes 2 event hours plus an hour prior and after. Each additional hour is \$25.00. There is no cleaning service provided but can be added for an additional \$100.00. The cost to rent the River Club is discounted (50%) or \$5,000.00/day (required for weddings and must be immediate family). Smaller events or a specific floor can be rented for \$750.00, which includes a cleaning fee. *No sub-renting will be allowed.*

Are property owners required to use Signature Catering? No, but Signature Catering will give a discounted rate to property owners.

Will there be any new restrictions regarding the facilities? Yes, weddings and receptions will only take place in the River Club. In addition, we have an agreement with Signature Catering to conduct all 3rd party rentals held at the facilities and have set limits on the quantity of rentals through them.

What is the Return On Investment from renting out the facility? We anticipate a ramp up in rentals during the first two years. Once established, we estimate annual income from 3rd party rentals at \$150,000.00, which repays our total projected renovation cost for the River Club. After renovations are repaid, future income will be used to build reserves.