

Radiant  
Care

# Radiant Care Board Retreat

**Wifi password: Riverbend2021**

# Today's Agenda

- 8:00 am – 8:30 am
- 8:30 am – 9:00 am
- 9:00 am – 10:00 am
- 10:00 am – 10:15 am
- 10:15 am – 12:00 pm
  
- 12:00 pm – 12:45 pm
- 12:45 pm – 3:00 pm

**Breakfast**

**Opening Remarks**

**Life Lease Presentation**

**Break**

**Life Lease Issues,  
Concerns and  
Opportunities**

**Lunch**

**Board Meeting**

# Pleasant Manor Life Lease Unpacked

- Lay of the Land – Location on Campus
- History and Milestones
- The Language of Life Lease
- Managing the Waitlist
- Establishing Selling Prices
- Life Lease Performance

# Lay of the Land – Location on Campus

- Two Life Lease Projects
  - Garden Court Townhomes
  - Brookview Terrace Apartments



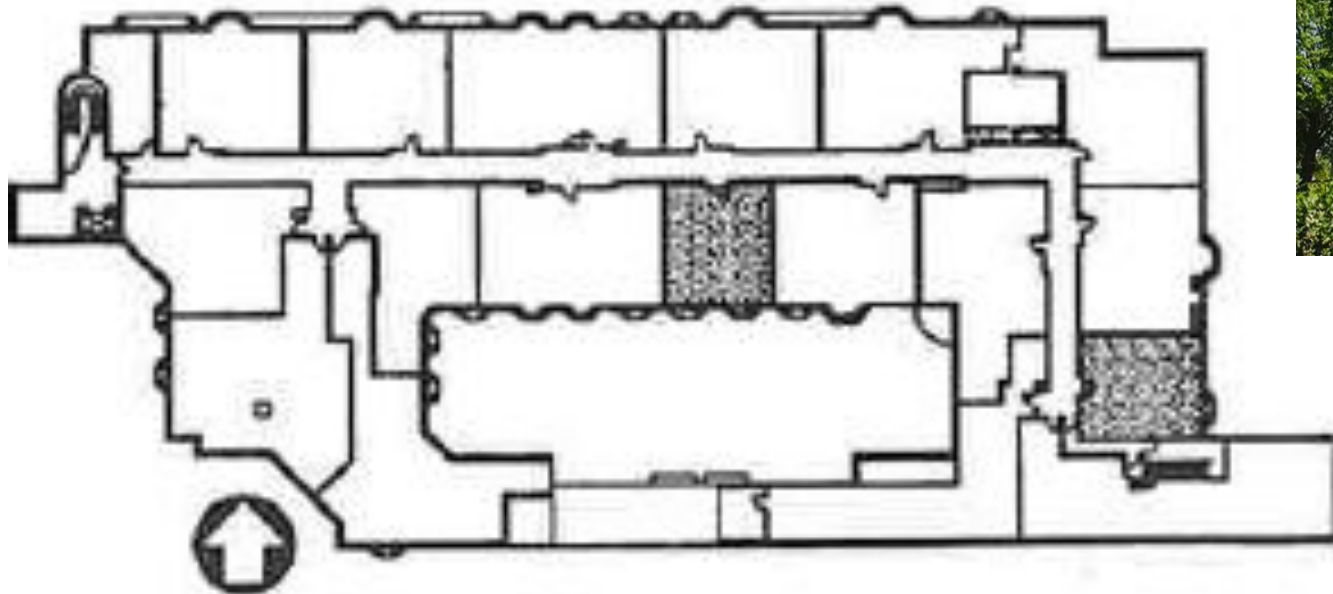
# Lay of the Land – Garden Court

- Established 1992 – Garden Court Town Homes
- 14 Units
  - A – 3 units
  - B – 5 units
  - C – 6 units
- Price - +/- \$150,000
- Varied sizes



# Lay of the Land – Brookview Terrace

- Established 1994 – Brookview Terrace
- 18 Units
  - 15 as life lease
  - 3 owned and rented by Pleasant Manor



# The Language of Life Lease

TERMS	WHAT/WHO IT IS	WHAT IT'S NOT
Life Lease Sponsor	Pleasant Manor Retirement Village – owns the property	Occupant
Owner	Pleasant Manor Retirement Village – owns the property	Occupant
Life Lease	Purchased interest in a property with a right to occupy for a long period of time	Condominium Property not owned by occupant
Occupant	Someone who has purchased a Right to Occupy Agreement Holder of Life Lease	Resident or Tenant, Owner
Right to Occupy Agreement	49 years and 11 months long	Monthly Lease Agreement
Life Lease Legislation	There is none, ... yet	Residential Tenancies Act Condominium Act
Existing Common Fee	\$315-\$330 - Occupant pays utilities through independent third-party agreement; taxes, water, maintenance, and hydro, (BV only).	Maintenance Fee
All-Inclusive Common Fee	\$880 - Occupant pays one fee to PMRV; PMRV pays all costs	Maintenance Fee
Constituent	Member or affiliate of member of founding church	Tabor Manor Constituent
Retention Fee	Holdback of original purchase price expressed as a percentage - Market Model – 4%; Fixed Price Model – 3% - 15%	

- The importance of using this language when referring to life lease.

	BROOKVIEW	GARDEN COURT
Year Built	1994	1992
Number of Units	18	14
Square Footage	630-1377	878-1352
Appliances by PMRV	Yes	No
Sold "As Is"	Yes	Yes
Full Basement	No	Yes
Yard/Patio	No	Yes
Balconies	Some	No
Courtyard	No	Yes
Shingles	Yes	Some Steel
Underground Parking	Yes	No
Driveway/Garage	No	Yes
Common Fee	Yes	Yes
Storage Lockers	Yes	No
Mail Delivery by PMRV	Yes	Yes
Access to Supportive Housing	Yes	Yes

COMPARISON

# Life Lease Historical Milestones

- **Rights to Occupy were originally sold through a local “constituent” realtor**
  - 4% retention fee to sponsor – Pleasant Manor
  - 3% sales fee to realtor
- **1996 – Pleasant Manor staff representatives began to sell Rights to Occupy**
  - 4% retention fee to sponsor – Pleasant Manor
  - Elimination of 3% sales fee, less costly for occupants, (right thing to do at the time).
  - Some costs to refresh units, taken from 4% retention fee.

# Life Lease Historical Milestones

- **March 2001**
  - Establishment of Constituent-Centric Market Price offering policy
  - To create a transparent process for constituency, to deal with a dynamic
  - 4% retention fee allocated to Board Reserve Fund
  - Elimination of refresh costs – sold “as is”
- **2012**
  - Approval of conversion from Market Price to Constituent-Centric Fixed Price
  - **Purpose** - To deal with (1) constituency dynamic, (2) sustainability of capital reserves, and (3) to present a similar sales model to local market due to new player in town.
  - Establishment of Constituent-Centric Fixed Price offering policy.
  - Implementation of Annual Life Lease Report in 3<sup>rd</sup> Quarter of fiscal year
  - Introduction of new sliding-scale retention model - 2:1 split of sliding scale retention fee, 2/3<sup>rd</sup>'s to Capital Reserves, 1/3<sup>rd</sup> to Board Reserve Fund

# Managing the Waitlist

- 97 of 299 – 32% - constituents

NAME	APPLICATION DATE	PHONE	Email	BV	GC	COMMENTS	CONSTITUENT	OTHER	Church	CURRENT YEAR	YEAR OF BIRTH	AGE	SPOUSE YEAR OF BIRTH	SPOUSE AGE
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- **Offering Policy**

- For Market to Fixed Price

- As per 2001 policy – constituents first, then non-constituents
- Open House and Bids

- For Fixed Price to Fixed Price

- As per 2012 policy - constituents first, by chronology, date of application
- Fixed Price Only – “Interested?” or “Not Interested?”
- Constituent affirmation of the smoothness and cleanness of this approach

# Establishing Selling Prices

- Establishing “Market” Prices
  - Method Review - Hilary

GARDEN COURT LIFE LEASE DATA				
	Unit #	Square Footage	2012 FIXED PRICE	2024 FIXED PRICE*
1	GC C-10	878	\$240,000	\$455,000
2	GC C-11	878	\$240,000	\$455,000
3	GC C-12	878	\$240,000	\$455,000
4	GC C-13	878	\$240,000	\$455,000
5	GC C-9	978	\$250,000	\$465,000
6	GC C-14	978	\$250,000	\$465,000
7	GC A-1	1,102	\$260,000	\$475,000
8	GC A-3	1,102	\$260,000	\$475,000
9	GC A-2	1,165	\$270,000	\$485,000
10	GC B-9	1,165	\$270,000	\$485,000
11	GC B-6	1,165	\$270,000	\$485,000
12	GC B-7	1,165	\$270,000	\$485,000
13	GC B-8	1,165	\$270,000	\$485,000
14	GC B-4	1,352	\$290,000	\$505,000

“Prescribed Intelligence”

\$615,000?

	OFFER	CLOSING DATE
①	518,000	Oct 1.
②	600,001	Oct 1.
③	600,000	Oct 1.
④	701,100	Oct 1.
⑤	481,000	Oct 1.
⑥	625,050	Oct 1.
⑦	505,000	Oct 1.

“Market Intelligence”

# Establishing Selling Prices

- Establishing Fixed Prices

- Method Review – Tim

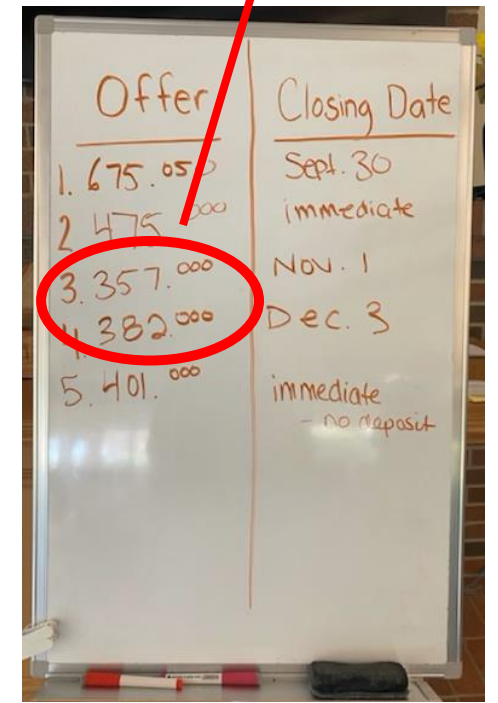
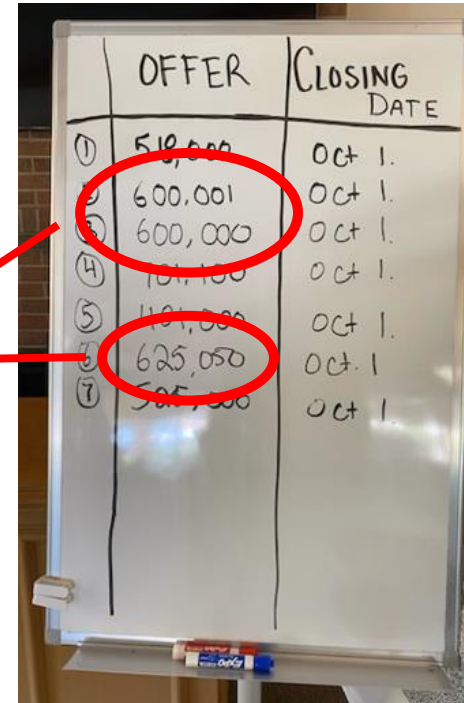
BV - Unit Type	2012	Proposed
1	\$200,000	<b>\$225,000</b>
2	\$220,000	\$340,000
3	\$240,000	\$360,000
5	<b>\$260,000</b>	<b>\$380,000</b>
6	\$280,000	\$400,000

\$10,000 Spread

\$20,000 Spread

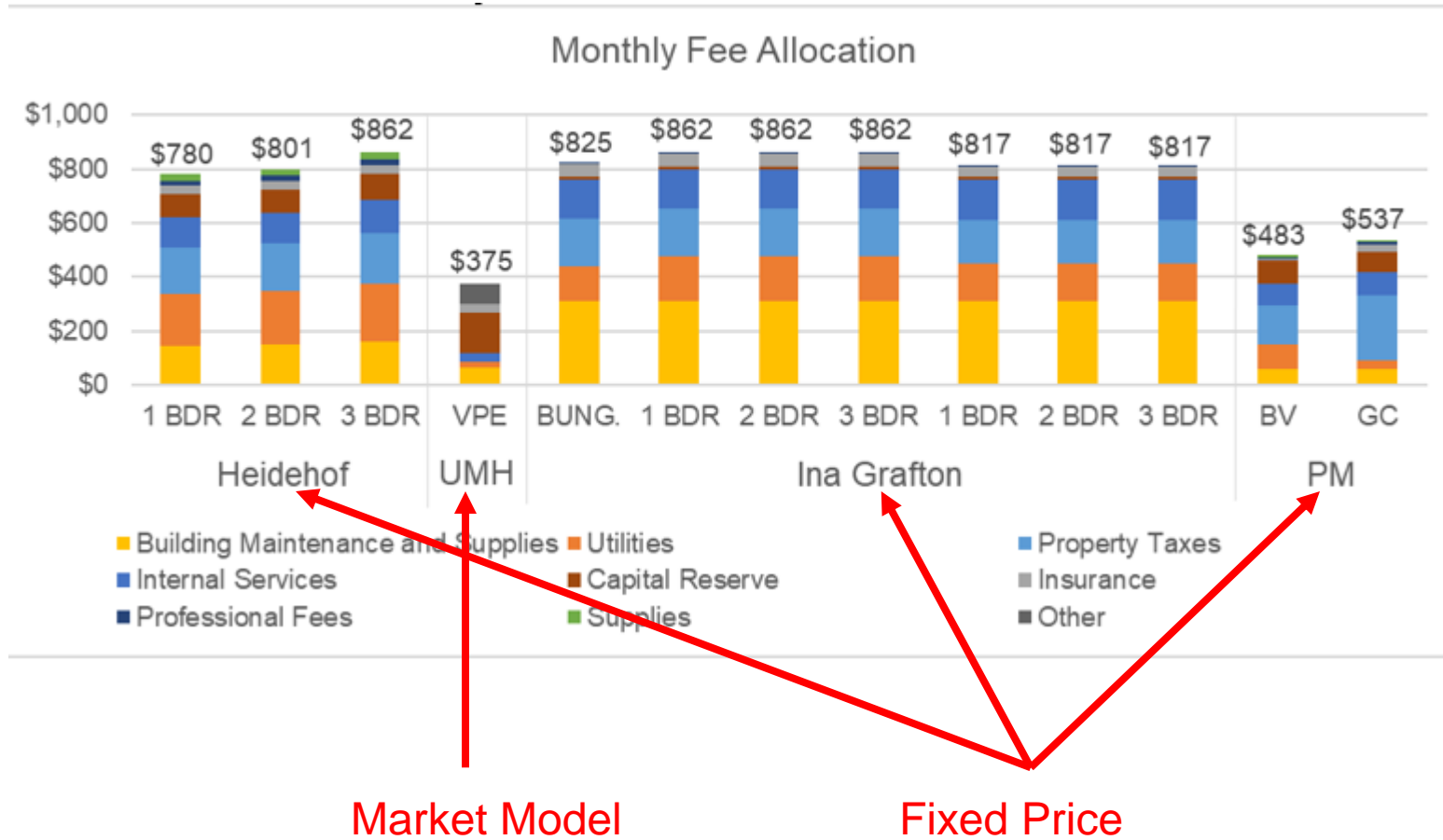
GC – Unit Type	2012	Proposed
1	\$240,000	\$585,000
2	\$250,000	\$595,000
3	\$260,000	\$605,000
4	<b>\$270,000</b>	<b>\$615,000</b>
5	\$290,000	\$635,000

\$20,000 Spread



# Life Lease Performance

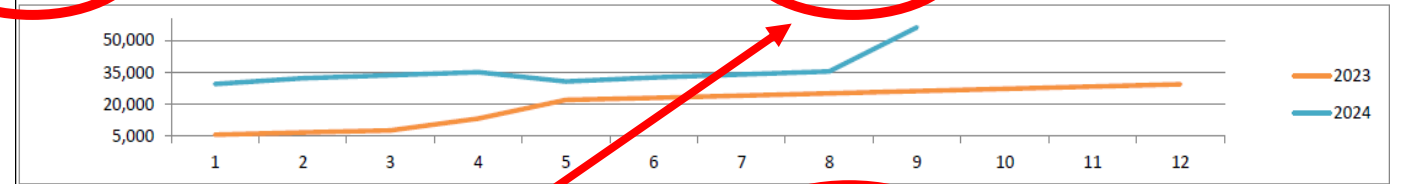
- External



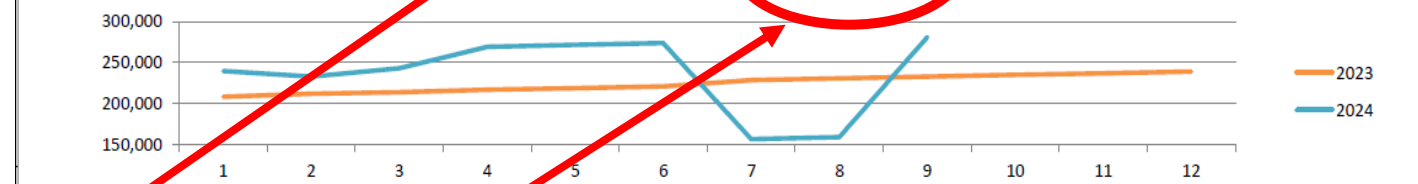
# Life Lease Performance

- Internal
- Capital Reserves

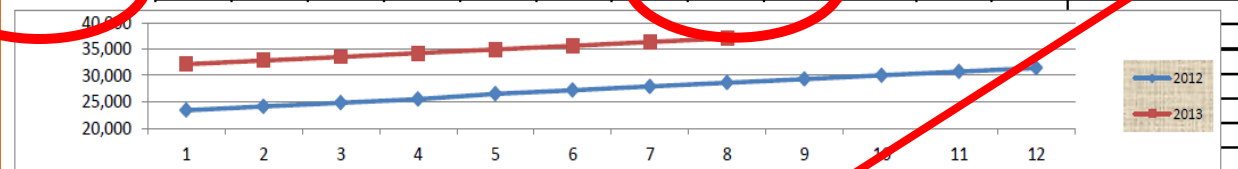
Garden Court	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	
2023	5,485	6,497	7,514	13,081	21,788	22,839	23,895	24,958	26,021	27,085	28,156	29,233	
2024	29,306	32,042	33,452	34,863	30,546	32,407	33,813	35,222	56,066				gazebo roof replacement - sale of G



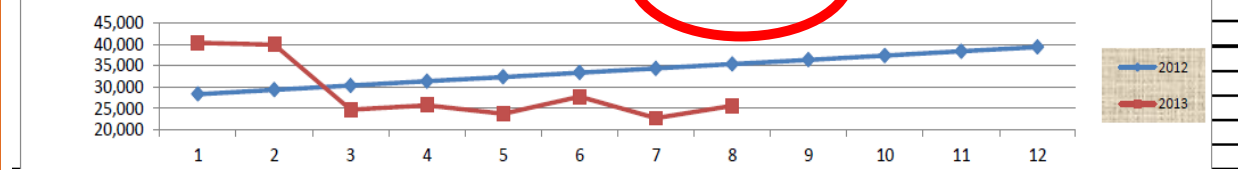
Brookview	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	
2023	208,596	212,031	214,029	216,980	218,990	220,987	228,725	230,812	232,881	234,977	237,057	239,161	
2024	239,743	232,952	243,047	269,889	271,588	273,840	157,025	159,152	281,222				heat pump replacement



Garden Court	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2012 Reserves	23,395	24,096	24,797	25,498	26,499	27,200	27,901	28,602	29,303	30,005	30,706	31,407
2013 Reserves	32,109	32,809	33,511	34,213	34,914	35,616	36,317	37,019				



Brookview	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2012 Reserves	28,334	29,335	30,336	31,338	32,339	33,340	34,342	35,343	36,345	37,346	38,348	39,350
2013 Reserves	40,351	39,886	24,720	25,721	23,722	27,723	22,701	25,599				



**BREAK – 10:00 am – 10:15 am**

# Pleasant Manor Life Lease – Issues, Concerns, and Opportunities

- **Issues – Defining the “constituency”**
- **Opportunities – Selling Rented Units**
- **Concerns – Dealing with Aging Stock**
- **Concerns – Capital Reserve Sustainability**
- **Concerns – Legislation**

# HOW TO CONDUCT OUR WORK

TIME	CONVERGENCE/DIVERGENCE DISCUSSION MODEL
	Identification of concern, issue, or opportunity
17 Minutes	Divergence in Discussion and Thoughts <ul style="list-style-type: none"><li>- Internal Validation</li><li>- External Validation</li></ul>
3 Minutes	Convergence of our Discussion, Thoughts and Crystallization of Ideas

# Issues – Defining the Constituency

- **Current Definition**

- “Members or affiliates of members of original founding churches of Pleasant Manor”
  - Niagara United Mennonite Church
  - Bethany Mennonite Church
  - St. Catharines United Mennonite Church
  - Grace Mennonite Church
  - Cornerstone/Orchard Park
- Tabor Manor constituency - “Members of affiliates of members of the Mennonite Brethren Church”

# Issues – Defining the Constituency

- **Considerations**

- External Influences

- Changing constituency over time
    - Less focus on traditional “Mennonite” mores and heritage
    - Focus on faith – faith remains central

- Internal Influences

- Redefining corporate expression as faith-based
      - “Radiant Care Ministries”
    - Radiant Care Confession of Faith

# Issues – Defining the Constituency

- **Questions for Board Consideration**

- Where would the Board like to land on the redefinition of “constituent”?
- Is now the time to redefine what Radiant Care means by “constituent”?
- What urgency is there to changing the definition at this time?
- How might the definition of “constituent” look like through the lens of “Radiant Care Ministries”?
- How would a redefinition of “constituent” be communicated, to whom, and by what medium?
- Can you envision any dangers, threats, or challenges with a redefinition of “constituent” at this time, or more so in how operational decisions are made, based on constituency?

# Opportunities – Selling Rented Units

- **Improve business model performance**
  - Selling off three PMRV owned rental units through natural attrition
    - Units – BV 202, 206, and 207
    - Aggregate “value” at
      - current 2024 Fixed Price - \$855,000
      - proposed 2025 Fixed Price - \$1,140,000



# Opportunities – Selling Rented Units

Rent										
	Monthly Rent	Rent Year 1	Rent Year 2	Rent Year 3	Rent Year 4	Rent Year 5	Total Rent Income for 5 Years	Expense for 5 years	Net Income After 5 years	
Unit 202	1,473	17,676	17,676	17,676	17,676	17,676	88,380	-52,800	35,580	
Unit 206	1,897	22,764	22,764	22,764	22,764	22,764	113,820	-52,800	61,020	
Unit 216	1,503	18,036	18,036	18,036	18,036	18,036	90,180	-52,800	37,380	
		<b>58,476</b>	<b>58,476</b>	<b>58,476</b>	<b>58,476</b>	<b>58,476</b>	<b>292,380</b>	<b>-158,400</b>	<b>133,980</b>	
Lifelease										
	2025 Proposed Price	All Inclusive Common Fee Year 1	All Inclusive Common Fee Year 2	All Inclusive Common Fee Year 3	All Inclusive Common Fee Year 4	All Inclusive Common Fee Year 5	Total All inclusive Common fee	Expense for 5 years	Retention Fee after 5 Years	Total Unit Income after 5 Years
Unit 202	360,000	10,560	10,560	10,560	10,560	10,560	52,800	-52,800	54,000	54,000.00
Unit 206	400,000	10,560	10,560	10,560	10,560	10,560	52,800	-52,800	60,000	60,000.00
Unit 216	380,000	10,560	10,560	10,560	10,560	10,560	52,800	-52,800	57,000	57,000.00
		<b>31,680</b>	<b>31,680</b>	<b>31,680</b>	<b>31,680</b>	<b>31,680</b>	<b>158,400</b>	<b>-158,400</b>	<b>171,000</b>	<b>171,000</b>

# Opportunities – Selling Rented Units

- Is selling these units consistent with other strategic financial priorities, (e.g., debt financing, business model improvement, future concepts planning, P+I on promissory notes, etc.)?
- Are there any cautions or dangers to selling these units now, or in the near future?
- Is there a compelling reason to keep on renting out these owned units?
- Are there timing considerations? Why now? Is now the time?
- If a desired direction, how best to manage existing tenants, (e.g., offer options on case-by-case, natural attrition, etc.)?
- What sense of urgency is there to this opportunity?

# Concerns – Dealing With Aging Stock

- Predominantly a Brookview Issue
- “As is”, or “Retrofit”
- If “retrofit”, where to source cost?



# Concerns – Dealing With Aging Stock

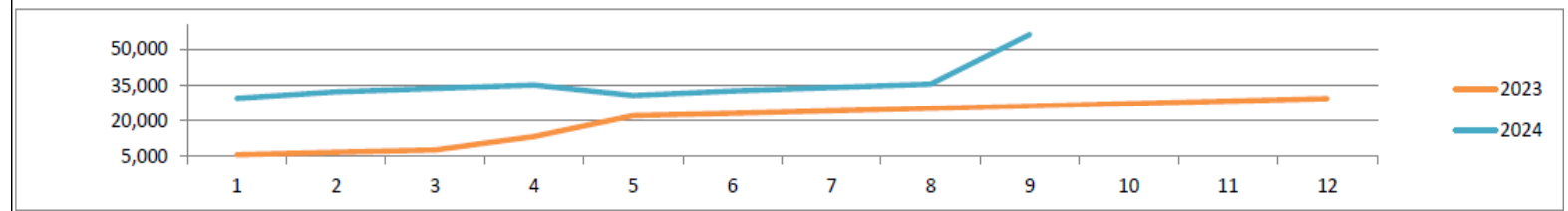
- **Is now the time to do this? Why now?**
- **What's the urgency?**
- **Is this adding debt and, if so, how do we pay for this, and is adding debt a direction consistent with other strategic financial priorities?**
- **Need Pleasant Manor pick up the cost to the retrofits? Why not just let the new occupant absorb the costs?**
- **Is there a compelling reason to not go forward with retrofitting our old and aging stock?**

# Concern – Capital Reserve Sustainability

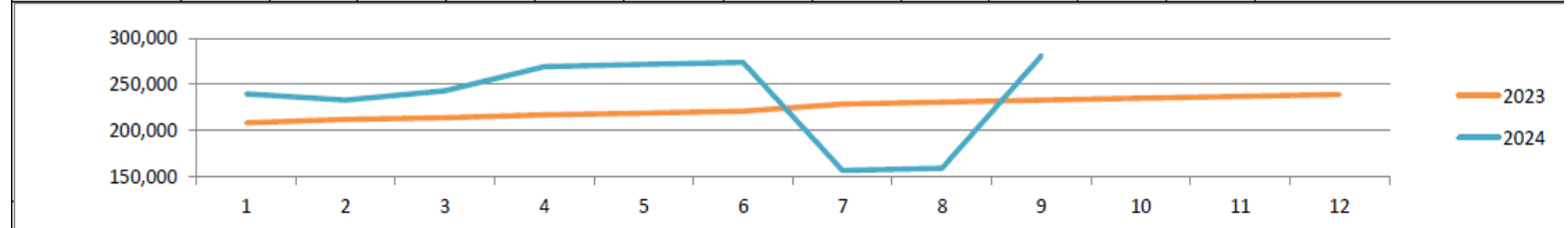
- **Historical Overview and Challenges**

- What we’ve done so far to address
- Work is unfinished and ongoing
- Proposal to temporarily adjust allocation methodology

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# Concern – Capital Reserve Sustainability

- Haven't we done enough to address capital reserves for our life lease projects?
- Are we accumulating enough?
- How do we determine how much is enough, or sufficient for our current and future needs?
- What guide do we use to determine adequacy and sustainability of our capital reserves?

# Concern – Legislation – Bill 141

- **Bill 141 “An Act Respecting Life Leases”**
- **Private Member’s Bill**
- **First Reading – October 2019**
- **Has not passed Second Reading**



## **Bill 141**

**An Act respecting life leases**

# Concern – Legislation – Bill 141

- **Main Items**
  - Payments and Disclosures
  - Reserve Funds, Insurance, and Annual Reporting
  - Trustees and Refundable Entrance Fees
  - Offences and Penalties

# Concern – Legislation – Bill 141

- **Payments and Disclosures**

- “Pre-lease Payment” – aka “Deposit”
- “Entrance Fee” – aka “Purchase Price”
- Holding pre-lease payments in trust
- Holding entrance fees in trust



- **How could this affect Pleasant Manor?**

- Using the past as a guide – CSS Recommendation on deposits
- Refunding entrance fee within 14 days after notice – could be challenging to meet time frame.



# Concern – Legislation – Bill 141

- **Reserve Funds, Insurance, and Annual Reporting**

- Requirement to maintain a reserve fund
- Requirement to maintain insurance
- Requirement to host four (4) meetings per year with occupants
  - Revenue and Expenses
  - Detailed budget or current fiscal year
  - Reserve fund balance
- Right to attend Board meeting
  - Copy of Board minutes, access to minutes, and audited financial statements

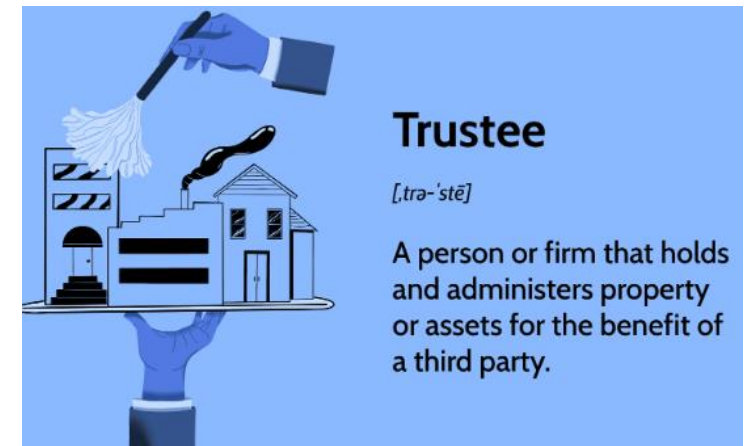
- **How could this impact Pleasant Manor?**

- No impact Re reserve fund maintenance
- No impact Re insurance
- Reporting would be new and mechanics would need to be well thought out
- Occupants placing items onto Board agendas, (tension between ops and governance)



# Concern – Legislation – Bill 141

- **Trustees and Refundable Entrance Fees**
  - Requirement to establish a trustee to receive and administer pre-lease payments and entrance fees
- **How could this affect Pleasant Manor?**
  - This would be very new to Pleasant Manor.
  - Administrative over-burden and auditing requirements



# Concern – Legislation – Bill 141

- **Offences and Penalties**

- Offences

- False or misleading statements
- Contravention of the Act

- Directors, officers, and agents who authorizes, acquiesces in or participates in an offence is guilty

- Penalties

- By an individual – \$3,000 and up to and not more than \$20,000 or to imprisonment for a term of not more than one year
- By a corporation – \$10,000 and up to not more than \$50,000 and subsequent - \$60,000

- **How could this affect Pleasant Manor**

- Self-evident
- This should be very concerning to Pleasant Manor



# Concern – Legislation – Bill 141

- **Current Status**

- Has passed First Reading, but not further, ... yet?
- This issue comes up every now and then.
- AdvantAge Ontario Response
- Pleasant Manor action steps
  - Be vigilant of prospective next steps or future steps of legislative process and be ready and willing to add voice to the Association's response in opposition to this legislation.

# Concern – Legislation – Bill 141

- **We're so regulated already, why would and should it matter if our life lease units are regulated?**
- **What are the advantages of life lease regulations?**
- **What are the disadvantages of life lease regulations?**

