



# Penobscot Shores Disclosure Statement Document #1

## **Introduction**

We are delighted with your interest in **Penobscot Shores** retirement community located on the shores of Penobscot Bay in Belfast, Maine. **Penobscot Shores** is designed to enable residents to live graciously and with independence throughout their retirement years. This booklet explains to prospective residents the concept and operation of **Penobscot Shores**. If you, your family members or professional advisors have additional questions after reviewing this booklet, or would like to review any of the other **Penobscot Shores** project documents, you may contact Penobscot Shores at: (207) 338-2332 , Fax: (207) 338-8408 or E-Mail: [sbowler@wcgh.org](mailto:sbowler@wcgh.org), or visit our web site at: [www.penobscotshores.com](http://www.penobscotshores.com).

## **Definitions**

- Deposits: A nonrefundable deposit of \$10,000 is due from purchaser at the time of execution of a Purchase and Sales Agreement.
- Cooperative: The Maine corporation known as **Penobscot Shores Association** which owns the cooperative housing project known as **Penobscot Shores**, located in Belfast, Maine.
- Core Services: The services the Cooperative is required to offer to residents include an emergency response system, meal service, property maintenance, and health screening and assessments. These services may be changed by the Manager and a super majority of the Cooperative's stockholders.
- Ground Lease: The 99 year ground lease between the Landlord and the Cooperative granting the Cooperative use of the land on which Penobscot Shores is located.
- Health Services Coordinator: The person engaged by the Cooperative to oversee health services and wellness programs for the residents of **Penobscot Shores**.
- Hospital: **Waldo County General Hospital**
- Landlord: **Waldo County Healthcare Management Company**, or any successor owner of the land on which Penobscot Shores is located.

Manager:	<b>Waldo County Healthcare Management Company</b> , or any successor professional manager of <b>Penobscot Shores</b> .
Monthly Fee:	The fee payable by residents on a monthly basis to cover the Cooperative's expenses, taxes, and maintenance.
Penobscot Shores:	The retirement community owned by the Cooperative located in Belfast, Maine.
Priority Waiting List:	The waiting list maintained by the Manager, giving prospects priority positions for the selection of units at <b>Penobscot Shores</b> .
Project:	The retirement community and related amenities which comprise <b>Penobscot Shores</b> .
Replacement Reserve:	The buyer and the seller each pay a 5% contribution to the Replacement Reserve at the time of closing. This is used for capital replacements items and improvements.
Reservation Fee:	The fully refundable fee paid by a person for a position on the Priority Waiting List.
Residency Agreement:	The Residency Agreement representing the purchaser's right to occupy a specific residential unit, to be executed by Purchaser and the Cooperative at the time of closing.
Permitted Subtenant:	A person approved by the Manager to occupy a unit as the subtenant of a Stockholder.
Rules of Residency and Regulations:	The rules and regulations adopted from time to time by the Board of Directors of the Cooperative.
Stock Transfer Fee:	A fee of up to eight (8%) percent payable by a resident to the Manager upon transfer of an interest in the Cooperative.
Super Majority Vote:	The vote of the holders of at least seventy five (75%) percent of the issued shares of the Cooperative's stock and the Manager.

## The Participants

Penobscot Shores has been developed by **Waldo County Healthcare, Inc.**, the parent company of **Waldo County General Hospital** (“Hospital”) and **Waldo County Healthcare Management Company** (the “Manager”). **Waldo County Healthcare Management Company** owns the land on which the Project is located, and will act as the Manager for **Penobscot Shores**.

Residential units may be owned by **Penobscot Shores Association** (the “Cooperative”), which may lease the units to residents. Residents may or may not be stockholders of the Cooperative.

## Site and Design

1. The Site - Penobscot Shores is situated on a 20.8 acre parcel on Shoreland Drive in Belfast, Maine. The land is leased by the landlord to the Cooperative, pursuant to a 99 year Ground Lease (**Document 5**). The rent under the Ground Lease is adjusted annually. At the end of the term of the Ground Lease the Cooperative will have the right to buy the land at its then fair market value as determined by an independent appraisal.

The site offers open vistas of Penobscot Bay over an expanse of open meadows, which slope gently down to the shorefront. The edges of the site offer some forested areas. The site is within a half mile of the Hospital in an area of mixed residential and commercial uses. The location of the buildings in the first and second phases of the Project are shown on the site plan included in **Exhibit A**.

2. The Buildings and Common Facilities - The Ocean House, the central building at Penobscot Shores, is a three-story complex containing twenty-eight (28) apartment units. The Ocean House has many common areas for all residents including a lobby, central dining room, mail area, activity room, health coordinators office, hair salon, library, and fitness room.

Adjacent to the central building, there are twenty-six (26) cottage units containing duplex or quadruple groupings.

The grounds have outside seating areas, gazebo, personal and public garden spaces, and a path to the shore.

3. Residential Units - Each of the residential units is spaciouly designed in either one-bedroom or two-bedroom layouts; cottages all have two-bedroom layouts. An outline specification and floor plan for a unit leased will accompany the Purchase and Sale Agreement. Each unit will have the following features and furnishings:

- \* wall to wall carpeting, wood laminate or hardwood flooring
- \* self-defrosting refrigerator/freezer
- \* stove with self-cleaning oven
- \* dishwasher and garbage disposal
- \* washer and dryer
- \* telephone and cable television hook-up available
- \* individual thermostats to control heat
- \* an emergency response system

The apartment units have separate designated storage areas, and outside parking facilities. The cottage units have separate entrances and attached garages.

4. Parking - In addition to the outdoor parking and attached garages, residents have the option of leasing one of the fourteen (14) covered carport for a monthly fee on a first come, first served basis at the Ocean House. Ownership of the carports is to be retained by the Manager. The form of Carport Lease Agreement is included Document (6).

## **Maintenance and Insurance**

The Cooperative maintains the common facilities and grounds. The Cooperative is also responsible for maintaining the structural and mechanical systems for the community and for maintaining the appliances provided with each residential unit. Residents are responsible for their own housekeeping and for maintaining any furnishings, appliances or fixtures provided by them. Residents are liable for any damages they or their guests cause to their units because of misuse or negligence.

The Cooperative maintains liability and property insurance for loss or damage to the buildings, but residents are responsible to insure their own belongings and to obtain their own liability insurance (so-called tenant's insurance).

## Cooperative Concept and Taxes

**Penobscot Shores** is structured as a cooperative. The community is owned by **Penobscot Shores Association** stockholders. The Manager gives units to the Cooperative in exchange for its stock; residents may then purchase shares from the Manager.

Upon acquiring stock in the Cooperative, a resident will enter into a Residency Agreement with the Cooperative granting to the resident the exclusive right to occupy a particular residential unit at **Penobscot Shores**. The Residency Agreement is included as **Document (3)**. The Cooperative model allows residents of Penobscot Shores to have an ownership interest in the community. This ownership interest consists of one share of cooperative stock per unit, and the owner's right under the Residency Agreement.

If two residents occupy one unit, both will sign the Residency Agreement and they may own the share of stock jointly or in common, as they choose. In the event a resident remarries, the new spouse must meet all entrance criteria and execute the Residency Agreement.

Residents will pay a monthly fee to the Cooperative to cover the cost of services provided by the Cooperative and will be billed on a fee-for-service basis for any additional a la carte services requested by the resident.

The cooperative form of ownership enables residents to deduct for income tax purposes their pro-rated share of real estate taxes and mortgage interest (if any) paid by the Cooperative relative to the units.

## Management

1. The Manager - The community is managed on a day-to-day basis by **Waldo County Healthcare Management Company**. The Manager may not be removed except with its consent and by Super Majority Vote of the stockholders. In the event of any such termination, the Ground Lease requires that the Cooperative engage a successor professional manager. The term "Manager," accordingly, refers to either **Waldo County Healthcare Management Company** or any successor management agent for the Project. The Manager will receive a fee of up to six (6%) percent of the Cooperative's gross revenues for its services.

The Manager will be responsible for the daily operations of **Penobscot Shores**. These duties will include staffing, training, and supervising all personnel; collecting all revenues; paying all bills; preparing draft budgets; and determining stockholder eligibility. The Manager is also responsible for the coordination of all sales of the Cooperative's stock. For its services in maintaining a waiting list of interested owners and handling sales transactions, owners are obligated to pay the Manager a Stock

Transfer Fee of up to eight (8%) percent in the event of a sale of their stock. Some of this fee may be used to refurbish the unit.

2. The Board of Directors - The Cooperative will be governed by its elected Board of Directors. A majority of the Board will at all times be nominated by the Manager. The Board will be responsible for proposing rules and regulations for the Cooperative, overseeing its fiscal affairs, setting the resale prices for each share of Cooperative stock and generally managing the cooperative's affairs.

## **Stockholder Eligibility and Rights**

1. Eligibility - All stockholders must meet certain financial and other criteria set by the Cooperative's Board of Directors or, with the approval of the Manager, must have designated another person who meets these eligibility criteria to reside in the unit (a Permitted Subtenant). The criteria are designed to ensure that residents are capable of meeting the requirements of stock ownership and residency.

2. Voting Requirements - A stockholder will be issued one share of Cooperative stock. Each share is entitled to one vote on any issue presented to the stockholders. In the event two individuals reside in one unit, the share of stock must be voted as a unit. No split voting on a share of stock will be allowed. Most stockholder actions require majority approval at a meeting at which a quorum is present. However, the bylaws provide that any of the following proposals must be approved by the Manager and a Super Majority Vote:

- (a) Cessation of, or substantial charge in, the operation of **Penobscot Shores** as a retirement community, or termination of all, or a substantial portion, of the core services described in the Residency Agreements.
- (b) Amendments to the stockholder eligibility criteria set forth in the bylaws.
- (c) Termination of Waldo County Healthcare Management Company as the Manager.
- (d) Amendment to the method of electing Directors or removal of any Director nominated by the Manager.
- (e) Termination of the Manager's rights to act as exclusive sales agent for the sale of Cooperative

stock or any reduction in the stock transfer fee payable to the Manager for such services.

- (f) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Cooperative, except in connection with the construction or renovation of the facilities which comprise **Penobscot Shores** where the mortgage holder has entered into a non-disturbance agreement protecting the occupancy right of non-defaulting stockholders of **Penobscot Shores**.
- (g) Amendment to the Articles of Incorporation.
- (h) Approval of a consolidation or merger involving the Cooperative.
- (i) Amendment to any section of the bylaws requiring a vote of the owners of at least seventy-five (75%) percent of the outstanding shares of the Cooperative's stock.

3. Stock Pledge - Each stockholder's Cooperative stock will be pledged to the Cooperative to secure the resident's obligations to the Cooperative under the Residency Agreement, unless otherwise agreed to by the Management.

## Services

1. Core Services - The Cooperative must maintain certain Core Services for its residents unless there is consent by the Manager and a Super Majority vote to terminate those services. These Core services include: (a) emergency response system, (b) property and grounds maintenance, (c) meal plan availability, (d) health screening and assessments, (e) water and sewer, and (f) scheduled transportation services for residents.

2. Other Cooperative Services - In addition to the services available to all residents, a resident of an apartment unit at the Ocean House will receive heat.

Each resident is required to purchase five meals per month; all sub-lessees (renters) will receive 20 meals per month as part of their sub-lease (rental) agreement.

Residents will pay their own utility charges for electricity, telephone, and cable television fees. Separate agreements on utilities may be made on sub-lease agreements.

The Cooperative offers additional services on an a la carte, fee-for-service basis from time to time. These services are likely to include: housekeeping, additional transportation, additional meals, maintenance personnel, and selected home health services.

3. Health Screening and Assessments - One of the features of **Penobscot Shores** is the presence of a part time Health Services Coordinator. The Health Services Coordinator will conduct programs promoting wellness and preventative health maintenance, including regularly scheduled exercise programs and blood pressure screening. The Health Services Coordinator will be available at no cost to Residents for general consultation and advice and will coordinate the provision of home health services by independent providers.

4. Assisted Living Units - Future phases of development at **Penobscot Shores** may include the development of assisted living units. Services provided to residents of the assisted living units include meals, housekeeping, and social, cultural, recreational, and wellness programs, as well as assistance with so called "activities of daily living" such as getting in and out of bed, bathing and dressing. If assisted living units are built at **Penobscot Shores**, a resident will have the option to move into these assisted living units. Any assisted living units will be available for rental from the Manager on a first come, first served basis. Temporary occupancy of an assisted living unit will not affect an apartment or cottage unit resident's ownership of stock in the Cooperative. The costs of occupying an assisted living unit are the responsibility of the resident.

5. Additional Health Care; Long Term Care Insurance - Residents requiring a level of health care service not provided by the Cooperative will be assisted by the Manager in locating appropriate care, however, the ultimate responsibility for obtaining such care and paying for such additional care is the resident's.

Quarry Hill in Camden is a sister retirement community to Penobscot Shores and offers a full range of healthcare services. Both community are part of Coastal Healthcare Alliance and are MaineHealth Members.

Tall Pines Nursing Home is located within one (1) mile of Penobscot Shores. Harbor Hill, an Assisted Living and Health Care Facility is approximately four (4) miles from Penobscot Shores. There is no affiliation between the Cooperative and the Tall Pines Nursing Home or Harbor Hill.

6. Acute Care - Waldo County General Hospital is located less than a half mile from **Penobscot Shores**. Its location makes acute health care services convenient for residents of **Penobscot Shores**. All costs of acute care shall be paid for by the individual.



## Future Development

The Manager retains authority to continue development of the site. Any such development must be consistent with applicable zoning and must be architecturally consistent with the Project. Currently a total of seventy eight (78) residential units are approved for the site. At the Manager's option, all other additional residential units may be transferred to the Cooperative in exchange for shares of stock. Residents of those units will become stockholders of the Cooperative with comparable rights to those of existing stockholders. Accordingly, if any of the new units are assisted living units, higher monthly fees will be charged for those units.

In the event of further development of the site, the Manager may pledge some or all of its interest in **Penobscot Shores** as security for development financing. The Cooperative may also be obligated to pledge its interests under the Ground Lease and Residency Agreements as security for bank financing and to cooperate with the Manager and any lenders in any proceedings to subdivide the undeveloped portions of the site. However, the rights of existing, non-defaulting residents to reside at **Penobscot Shores** pursuant to their Residency Agreements shall not be disturbed by such financings or subdivisions.

## Operations and Budgets

The Manager will assist in the preparation of the budgets, but the ultimate responsibility for approving the budgets rests with the Board of Directors of the Cooperative. There can be no assurance that actual results will be consistent with these budgets. Residents should be aware that Monthly Fees proposed are subject to change on a regular basis and must be sufficient to include property taxes, costs of operations and to provide a reasonable reserve for replacements and maintenance.

## Stock Transfer Restrictions

1. Right and Obligation to Sell - All sales of the Cooperative's stock must be handled by the Manager. Upon termination of a resident's Residency Agreement the share of stock owned by that resident must be offered for sale. A resident may voluntarily seek to sell his or her interest in the Cooperative at any time. In addition, the Cooperative may seek to terminate a resident's Residency Agreement upon the occurrence of certain events. For example, a Residency Agreement may be terminated if a resident fails to abide by the Rules of Residency and Regulations, fails to pay the monthly fees, or if the resident transfers permanently to a licensed health care facility. The decision to characterize a transfer as permanent will be made by the Manager after consultation, whenever possible, with the resident and the resident's family and physician.

It is anticipated that residents, in consultation with their personal physician and the Health Services Coordinator, will decide when they are in need of services not reasonably offered by or at **Penobscot Shores**.

2. Manager's Right to Sell; Sales Price - The Manager will manage all resales of stock. The maximum and minimum purchase price for each share of stock and its accompanying leasehold interest is determined by the Cooperative's Board of Directors every six (6) months. The purchase price set by the Board will reflect its best estimate of the unit's fair market value and shall take into consideration the size and location of the unit, and physical improvements made by the resident, the most recent sales prices of shares, and such other factors as the Board of Directors deems appropriate. The decision of the Board on the valuation of the units will be final.

3. Transfers; Priorities and Waiting Lists - Residents who wish to transfer to a different unit within **Penobscot Shores** will have the first right of refusal to purchase any share which is offered for resale. The manager will also maintain a waiting list of prospective residents. If no resident exercises his or her right to purchase a share which is offered for resale, the share will be sold to the individual highest on the waiting list who meets the admissions criteria of **Penobscot Shores**. If there is no waiting list, the Manager will offer the share on the open market.

4. Stock Transfer Fee - Upon the resale of a share of stock, the Manager will receive a Stock Transfer Fee which will equal the lesser of (a) eight (8%) percent of the gross proceeds of the sale or (b) one (1%) percent of the gross proceeds of the sale multiplied by the number of months the resident has owned the share. The Stock Transfer Fee is intended, in part, to reimburse the Manager for the costs of marketing and refurbishing a vacated unit. If the resident is selling his or her share and buying another share for a different unit within Penobscot Shores, then in lieu of the Stock Transfer Fee, the selling resident will reimburse the Manager for its costs to refurbish the sold unit.

5. Replacement Reserve Contribution - Upon a resale, the buyer and the seller each, will pay 5% of the sale price to be placed in the Replacement Reserve for capital improvements.

6. Continuing Obligation for Fees - Pending resale of the share of stock, the resident will be responsible for the payment of the Monthly Fees applicable to the resident's unit.

## **Purchase Price and Costs**

1. Purchase Prices - The purchase price for shares of the Cooperative stock will be set when a Purchase and Sales Agreement for the unit is executed. Until a Purchase and Sales Agreement for a particular unit is signed, the price may be modified by the Board of Directors.

2. Monthly Fees; Assessment - The Monthly Fees for each unit will consist of a pro-rated share of the costs incurred by the Cooperative, including operating, maintenance, management costs, replacement reserve fund, and real estate taxes. The Monthly Fees for the apartment units will be higher, reflecting the cost of heating each unit.

Because the Monthly Fees have been structured to provide the services to the residents at cost, they will necessarily increase as the costs of these services increase or if the Board of Directors elects to increase the level of services available to residents at **Penobscot Shores**. In addition, the Cooperative can levy periodic assessments onto shareholders to help pay for unexpected repairs or other expenses incurred by the community.

3. Additional A la Carte Services - **Exhibit C** lists the additional services that are available to residents. These services are subject to change by the Cooperative's Board of Directors.

4. Billing - The Monthly Fees and the costs for a la carte services used by resident will be billed monthly.

## **The Purchase Process**

1. The Priority Waiting List - The Manager has developed a Priority Waiting List comprised of interested people who have signed a Priority Waiting List Agreement and have paid a \$1,000 refundable reservation fee. The reservation fee entitles the individual to a priority position for the selection of a unit at Penobscot Shores. Names will continue to be added to the Priority Waiting List. A resident may seek a refund of the reservation fee at any time, or may apply the \$1,000 reservation fee toward the purchase of a Share.

2. The Purchase and Sale Agreement - The Manager will review all applications and will offer to individuals on the Priority Waiting List the opportunity to enter into a Purchase and Sale Agreement for a share of the Cooperative stock. The Purchase and Sales Agreement is appended to this statement as **Document (2)**. At the time a Purchase and Sales Agreement is signed, an applicant will select a unit and represent that he or she meets the eligibility criteria for occupancy at **Penobscot Shores**. The Manager's obligation to close the sale will be contingent upon the prospective resident's continuing compliance with the eligibility criteria at the time of the closing.

3. Deposits - At the time the Purchase and Sale Agreement is signed, the prospective resident will advance to the Manager an initial deposit of \$10,000. The deposits are NON-REFUNDABLE. In the event the prospective resident fails to meet the eligibility criteria for admission at the time of the closing, and therefore is unable to purchase stock in the Cooperative, or the prospective resident dies, the prospect's deposits will be refunded when a new purchaser has been found for that share of stock.

If an individual decides not to close on a Purchase and Sales Agreement for any other reason, the Manager will retain all deposits.

4. Closing - The prospect will enter into a Residency Agreement with the Cooperative and, if applicable, enter into an agreement to license a carport. Stock will be issued to the prospective resident, but the certificate evidencing the stock will be retained by the Cooperative as part of the resident's agreement to pledge the stock as security for the resident's obligations under the Residency Agreement. A 5% fee is collected from both the seller and the buyer at the closing designated for the Replacement Reserve.

## **Changes**

Programs described in this disclosure statement are subject to change.

## **Unit Rentals**

The Manager has a select number of units currently rented; shareholders may.

## **Other Project Documents**

Throughout this booklet there are references to Community documents. Those documents are listed in the Index of Documents provided in this Disclosure Statement. Although we are unaware of any discrepancies, if there should be any differences between this statement and the documents, the documents will control.