



RAC FINANCE COMMITTEE MINUTES

July 28, 2021

4th Floor Conference Room, Freedom Plaza

Members Present: RAC Liaison Bill Ciota, Sandee Braddy, Bill Kreuger.
Joyce McCutcheon, Neil Rothfeld, Cor Snoeren & Joan Walker
Members Excused: David Mohl
FP Management
Excused: Joey Mingione, Director of Financial Services

Bill Ciota, as RAC Liaison, called the meeting to order at 2:35 pm. Bill asked the Secretary to conduct a roll call and determine that a quorum was present. The Secretary confirmed a quorum. Bill stated that due to health reasons our Chairman, Dave Mohl, was stepping down from the Chair position but continuing as a member of the committee. Bill stated that Chairman Mohl asked him, as RAC Liaison, to commence the meeting and the election of new officers. It was agreed by all that Dave had guided the committee well over his tenure as Chair and directed the secretary to send a letter of appreciation.

The minutes for June 23, 2021 were approved by the members present, upon a motion made by Neil Rothfeld, seconded by Bill Kreuger.

Bill Ciota stated that Bob Cochran was no longer with us as his term had ended. He said that Chair Dave Mohl had accepted the resignation of Rocco Nenerella for personal reasons.

Bill Ciota introduced the new members, who were selected by Chairman Dave Mohl: Joyce McCutcheon and Cor Snoeren. He asked each in turn to tell the board members a bit about their experiences in finance.

Bill then started the election of officers by asking for nominations from the floor. Joan Walker nominated Neil Rothfeld as chair, seconded by Bill Krueger. All in favor, motion so carried. Al Roberts then nominated Joan Walker as Secretary, seconded by Sandee Braddey. All in favor, Motion so carried

Neil Rothfeld then took over the meeting, thanking the members for their vote of confidence. He stated that he would only like to hold the position for one year.

REPORTS:

- Cost of Living:** Neil Rothfeld stated that the CPI Class A, under which our contract falls, was up 5.8 % from June 20 to June 21. Neil stated that this will have a huge impact on the percentage increase of our contracts. He asked that Bill Ciota, as RAC Liaison, speak to Ron Sweet and Sarah Chambers about starting talks with management about keeping this increase to a minimum or waive the extra 2% as they did six years ago. Neil said he would speak to Angie Roher at an upcoming meeting about the possible increase. Neil asked Cor Snoeren to provide the information on the CPI at all future meetings.
- Health Peak Stock:** Neil Rothfeld stated that a week ago, the stock at yesterday's close was \$33.78. Neil further stated that the yield per share was 3.3%. He also stated that the stock had an 11.4% price/earnings ratio and that Morningstar's Analysis said it was a Fair Value with a trading range of \$25.52 to \$37.12.
- New Hires:** Sandee Braddy stated that there were 19 new hires, mostly in IL and many job openings in all departments.
- Move Ins/Outs:** Neil stated that Joey Mingione's report showed 7 move ins during June and 5 move outs for a total of 18 move ins and 34 move outs year to date. He also stated that observationally the Marketing Dept. was doing a good job but the costs of the incentives and the rent discounts being offered were concerning. These decreases will all have future effects on our future rental costs. Cor pointed out that these annual monthly costs kept building exponentially.
- June Finances:** Neil stated that as their time allows, he would like all members to read Fl. Statute 651, sections: .035, .026, .091 and .081. He pointed out that we only receive the financial comparisons on a month-to-month basis and on a year-to-date basis. He stated that there were two companies, the Operating and the Real Estate. The Operating company is reported to the Office of Insurance Regulation (OIR). The Real Estate company is only in the end of year reports and the only time we see the Balance Sheets. There are no Fixed Assets reported on the Freedom Plaza reports. At the time of purchase of Freedom Plaza, Life Peak changed the value of the Fixed Assets by allocation of the purchase costs.

Al Roberts stated that management should consider that paying overtime and that using Directors of Freedom Plaza could be pennywise and pound foolish. He is concerned that this practice, adding extra pressure, could lead to management burnout. Al Roberts suggested that, instead of wearing down staff with heavy overtime and burdening management personnel with menial tasks, Freedom Plaza should seek to hire temporary staff on an hourly basis until permanent associates can be hired and trained. In particular, he believes we should do whatever is necessary to avoid the loss of valuable management from burnout from doing associates' work. Al further suggested that Joey provide the Committee with the hourly wage rate paid to dining associates.

June Finances: Neil Rothfeld stated that soon students would be returning to area schools and perhaps the labor pool would increase.

OLD BUSINESS:

Al Roberts reported on his review of the annual Audit. He stated that he had reviewed the financials of the combined operation. He said the financial statements include balance sheet, income statement, cash flow and footnotes. They also include the auditors' opinion that the statements are fairly presented in accordance with generally accepted accounting principles, applied on a consistent basis. The auditors' opinion is unqualified, i.e., they believe there are no material errors or misstatements. He said that the Operating and Property companies were combined by Life Care for their 11 month ownership period, and that the statements showed a net loss of \$17 million, but after taking out the termination expense of \$11.887M, paid to Brookdale at closing the loss was really only \$5M. Al further stated that the net loss before the termination fee was about \$5.5 million, but if the non-cash charges of about \$12.5M were added back, Freedom Plaza actually had a positive cash flow of about \$7.0 million.

Actuarial Tables. Chairman Mohl in June had asked Joey the status of a possible review. Joey Mingione had stated at the June meeting that LCS is working on that as well as the Interest Revenue source and Operating lease requested by the board. These items will be carried over to August.

There being no further business, Chairman Rothfeld, upon a motion made by Bill Krueger, seconded by Al Roberts, the chairman adjourned the meeting at 3:35 p.m.

The next meeting will be held on August 18, 2021 at 2:30 p.m. in the Club Room, Freedom Plaza.

Respectfully submitted.

Joan Feehan Walker, Secretary