



RAC FINANCE COMMITTEE MINUTES

September 15, 2021

Club Room, Freedom Plaza

Members Present: Chair Neil Rothfeld, Sandee Braddy, Bill Krueger, Joyce McCutcheon,
Dave Mohl, Al Roberts, Cor Snoeren & Joan Walker & RAC Liaison Bill Ciota
FP Management
Present: Joey Mingione, Finance Director

Chairman Neil Rothfeld called the meeting to order at 2:30 pm. Neil asked the Secretary to conduct a roll call and determine that a quorum was present. The Secretary confirmed a quorum.

The minutes for August 18, 2021 were approved by the members present, upon a motion made by Bill Krueger, seconded by Al Roberts.

REPORTS:

Cost of Living: Cor Snoeren stated that the CPI Class A, under which our contract falls, was 5.2 % for August. Cor stated that the CPI for July, 2021 was also 5.2%, showing no change month to month.

Health Peak Stock: Neil Rothfeld stated, the stock, at yesterday's close, was \$35.37. Neil further stated that Morningstar reported that a valuation of \$36.00 was a Fairly Valued with a trading range of \$25.52 to \$37.69 and a dividend of \$3.39. He also said that it was reported that Health Peak was finished with their disposition plans and was now concentrating on Medical & Life Services.

New Hires: Sandee Braddy reported that in July there were 18 new hires and in August, 19 new hires. Joey Mingione stated that it seems that they manage to train and hire 6 new CNA's and 5 leave and that just last week, 4 servers left. He said it seems to be a never ending cycle of hiring, training and leaving, with employee retention getting ever more difficult.

Move Ins/Outs: Neil stated that Joey Mingione's report delineated 4 move ins during August and five move out for a total of 18 move ins and 35 move outs year to date. Joyce McCutcheon asked that the move ins and move outs be corrected to 22 move ins and 40 move outs, due to an addition error. Joey said that during September, he expected 8 move ins and 11 move outs. Upon questioning by members, Joey stated that there has been an unusual increase in the number of resident deaths and others moving to a higher level of care.

Financials: Chairman Rothfeld reviewed the August financial report, noting that Skilled Nursing was running a deficit in revenues and overages in expenses. Joey replied that the lower census of Medicare patients in Skilled Nursing is contributing to the deficits, while staffing has to be available. Joey stated that staffing these units is a problem and now they are considering raising staff differentials yet again on weekends as well as the possibility of hiring bonuses. Joey stated that drug costs were running higher than normal in skilled nursing. Upon further exploration of the subject of drugs, it was ascertained that Medicare pays a flat amount and that is expected to cover drug costs. The drug costs are not charged to the patient separately. In Assisted Living and Memory Care, the drugs are billed to the patients' drug plans, either Medicare Part D or secondary insurance.

Al Roberts asked why the Employees Health Insurance line was approximately \$25,000 under budget. Joey Mingione replied that many employees declined to participate as they cannot afford their share of the plan or else are on government assistance.

OIR Report: Chairman Rothfeld asked about the status of three residents in Independent Living without a contract. Joey Mingione replied that these spouses did not qualify for Lifecare and were only offered lease agreements. Chairman Rothfeld asked what are the notes payable that were a positive amount as well as the long-term notes receivable for 32M and Joey said he would explore those issues. The Chairman then asked for a definition of leasehold payments and Joey replied that that is rent.

Cor Snoeren asked about the depreciation shown. Joey Mingione replied that they are just depreciating new assets. Cor also asked for confirmation that LCS is charging 3.5% of gross revenues to manage the community. Joey did confirm.

Dave Mohl asked about the Minimum Liquid Reserve of \$17,405,383 in the OIR. Joey said it is being fully funded under the new management. Joey stated that under Fl. Statue 651, this reserve's purpose is to help operate the community if management fails until a new owner is found.

Old Business: Chairman Rothfeld asked Joey for an explanation of the Brookdale insurance charge to the community of \$425,000. Joey Mingione stated that is for outstanding claims made against Freedom Plaza two to three years ago. The Chairman also asked what the self-funded policies of the community were. Joey replied that on only the liability policy did the community have a \$500,000 deductible per occurrence.

New Business:

Budget for 2022

Chairman Rothfeld stated that they had been attending budget meetings and asked Joey about when the final budget could be expected. Joey Mingione stated that the Budget is still very preliminary, but he did know that \$1.5 M was being allocated for capital expenditures along with another \$2M for normal capital expenditures. The Chairman asked that the Budget be made available to the committee as soon as it is finalized.

Marketing Expenses: Joey Mingione, upon being asked, stated that expenses, although high, were being netted out by revenues. He said Marketing had been directed to pull back on incentives.

Financial Statement

Presentation:

Chairman Rothfeld again asked if a Quarterly Report could be added to the financial statements and if some columns could be eliminated to make the report more readable. Joey replied affirmatively, asking the Chairman to work with him on this.

Actuarial Study:

Dave Mohl asked if a new actuarial study was underway. Joey confirmed that it was in process.

Cor Snoeren asked if the deductible percentage amount be made available to residents in December so that tax planning could be done advantageously.

Joey said he would work towards that goal.

There being no further business, Chairman Rothfeld, upon a motion made by Bill Krueger, seconded by Bill Ciota, the chairman adjourned the meeting at 3:30 p.m.

The next meeting will be held on October 20, 2021 at 2:30 p.m. in the Club Room, Freedom Plaza.

Respectfully submitted.

Joan Feehan Walker, Secretary