



RAC FINANCE COMMITTEE MINUTES

May 18, 2022

Club Room, Freedom Plaza

Members Present: Chair Neil Rothfeld, Sandee Braddy, Jane Keegan, Bill Krueger, Joyce McCutcheon, Al Roberts, Cor Snoeren & Joan Walker.

Absent: Chuk Roth, RAC Liaison.

FP Management

Present: Mary Leidecker, Director of Finance
Chris Hall, Director of Marketing

Chairman Neil Rothfeld called the meeting to order at 2:30 pm. Neil asked Joan if a quorum was present. The Secretary confirmed a quorum. He then welcomed new member, Jane Keegan.

The minutes for April 20, 2022 were approved by the members present, upon a motion made by Bill Krueger and seconded by Al Roberts.

REPORTS:

Cost of Living: Cor Snoeren stated that the CPI Class A, under which our contract falls, from April 2021 to April 2022 was 9%, A slight drop from last month.

Health Peak Stock: Chairman Rothfeld stated that the stock closed on 5/17/22 at \$34.87. He further stated that Morningstar reported that at a valuation of \$36.00 it was fairly valued. Neil went on to say that the continuing care retirement community segment saw same-store NOI growth of 13.7% in the first quarter, excluding the impact of the non-recurring government grant provided by the CARES Act the portfolio reported a 6.2% decline.

Open Positions Sandee Braddy reported that there were 11 openings in Independent Living, 7 in Plaza West, 4 in Memory Care and 1 at the Inn. Upon questioning why so few in number when last month we were told that there were approximately 40 full time and 40 part time vacancies, Mary Leidecker said that perhaps the number of open positions on the website, reflected only the type of position, not the actual number of openings. Sandy was directed to look further into this for next month's report.

At this point, Chris Hall arrived and was welcomed by Chairman Rothfeld, who started off the information session by asking Chris if the adopted Marketing Budget was overly optimistic given the rate of inflation and the current stock market. Chris Hall stated that the budget assumed that, at the end of Covid, sales would be back to a normal year such as 2020. He said he still feels it may be attainable. Cor Snoeren said he had heard that more and more people from Sun City Center no longer qualify. Bill Krueger asked what the current entry fee was and what were the qualifications for entry.

Chris Hall stated that a new resident must have all the following criteria for a Type A contract:

1. Funds to cover full cost of apartment selected.
2. Additional assets must be one and one half over the cost of the apartment (liquid funds).
3. Income to meet monthly expenses (1.5 times the monthly fee) approximately \$6000.

So to sit down at the table for a small \$250,000 apartment, an applicant would need about \$650,000 in total assets and a monthly income of \$6000. The larger the apartment, the higher the criteria. Chris also said Health Peak is no longer offering discounts. Chris said age also affects price. He said actuarial data is also being used and the average life expectancy is 12 years, with two to three of those years expected to be spent in the assisted living and/or nursing home.

Al Roberts asked about the number of apartments available and if there has been a study done of why people are moving out. Chris Hall replied that there were 60 vacant apartments and that most residents had been transitioning to a higher level of care, although some have moved back to be near family, especially when one spouse dies. Cor Snoeren asked if other options had been explored to fill the vacant apartments such as rental? Cor stated that if people who qualified could rent, without the benefits of the Type A contract, that they might then convert to ownership. Chris said that no community in the Health Peak portfolio has been considering that option. Chris did say that they may consider multiple contract options as it seems as if the Baby Boomer generation has spent rather than saved for their retirement and that their only asset is their home. Joyce McCutcheon asked the number of military residents in the current population. Chris replied that it was approximately 40% who may have served, but maybe only half of that is retired military. Chris did say that upgrading the current perks such as adding internet are being considered. He also said that they are considering forming focus groups consisting of himself, Theresa, Siby and Suzy as Management and a cross section of residents to discern their current needs.

At this point, Chairman Rothfeld thanked Chris Hall for attending the meeting.

Move Ins/Outs

Mary Leidecker stated that there were no closings or move outs in the month, but they expected twelve move ins by the end of the second quarter. Al Roberts asked how many have been closed for the quarter so far and she replied 4.

Financials: Chairman Rothfeld asked Mary Leidecker how can she justify wages being over budget in Skilled Nursing @ \$329,486; in Assisted Living @ \$191,194 and Therapy @ \$85,973? And why is Innovative Home Services Revenue down \$159,370? Mary replied that some of these expenses were not previously allocated to the correct departments, and she was still trying to report these expenses accurately. She was also asked why the Management fee was \$114,790 under budget and again she cited allocation. She said many items were done by the home office.

Chairman Rothfeld asked that Mary Leidecker again send out both versions of the Financial report to satisfy each committee members' preference.

As there was no further business before the committee, Chairman Rothfeld set the next meeting date as June 15 at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Bill Kreuger, seconded by Sandee Braddy. Motion so carried. Meeting adjourned at 3:25 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary