



RAC FINANCE COMMITTEE MINUTES

October 19, 2022

Club Room, Freedom Plaza

Members Present: Chair Al Roberts, Sandee Braddy, Jane Keegan, Dave Lowe, Neil Rothfeld, Cor Snoeren, Joan Walker & Veanna Cape, RAC Liaison

Excused: Joyce McCutcheon

Freedom Plaza Dennis Kimble

Chairman Roberts called the meeting to order at 2:27 pm. The Chairman asked the Secretary if a quorum was present. The Secretary confirmed a quorum. He noted that Joyce had had recent surgery and that we all wish her well.

The minutes for September 21, 2022 were approved by the members present, upon a motion made by Neil Rothfeld, seconded by Cor Snoeren. All in favor, motion so carried.

Chair Roberts then introduced Dennis Kimble, the new DFS for Freedom Plaza, asking Dennis to give the Committee the highlights of his experience, which proved to be extensive. The Chair then asked the Committee members to introduce themselves. Chair Roberts then explained that two officers from Life Care were coming to meet with Dennis and will sit in on the meeting. With that in mind, Chair Roberts verbally amended the agenda to address the September financial statements first. At that point, Britt Allan and Wendy Weiss of LCS arrived. Britt Allan said he had only been with LCS as manager for five months and that he relied on Wendy, Sr. Acct. manager who handles the A/P General Ledger and Insurance at LCS. She works directly with the DFS at each community.

REPORTS:

September Financial Statement:

Neil Rothfeld asked Britt Allan how many entities LCS oversees for Health Peak. He replied 13 and that LCS has 5 staff members working on Accounts Payable and 9 in the accounting unit. Neil Rothfeld further queried Mr. Allan on the insurance line in the budget, stating that some years it is way under and others, way over. Mr. Allan replied that Peak Risk Management handles claims, while LCS does the distribution and accounting. Mr. Allan said that Risk Management is handled by Peak and that their budget projections are location specific. Chair Roberts asked if the experience on claims is a business decision that drives that projection. Mr. Allan replied in the affirmative. Al Roberts asked how the budgets for these communities were prepared based on the different situations and environment. Mr. Allan said that the budget was a bottom up from the

communities to LCS and then to Peak, who makes the final decisions
Neil Rothfeld said that there were some glaring budget distortions regarding actual versus budget. Neil also asked who works on the numbers below the NOI. Mr. Allan said it was done by LCS. Cor Snoeren, added to that question asking who does the cash flow. Mr. Allan stated that LCS prepares the cash flow for the community and sends it on to Peak. He said LCS does not do PropCo but that Peak does and coordinates those numbers with OpCo for the coordinated report.

Cost of Living: Cor Snoeren reported that The CPI for Class A South, which governs most of our resident contracts, was 9.2 %. He stated this was a combination of events where the economy, Ian and low water in rivers and no easy method of transporting goods all come together causing the inflation rate to remain so high. Neil stated that in the Tampa, St. Pete, Clearwater demographic the rate was 10.5%. He went on to say this continued rate, plus the contractual 2% increase was one factor in keeping Sun City Center residents out as well as the difficulty of meeting the qualifying financial standards. Al Roberts did point out that there were 6 Move ins/Closings in Sept., still below budget estimates.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 10/16/22 at \$22.85. He further stated that Morningstar reported that at a valuation of \$36.00 it was still fairly valued in in the face of high inflation and interest rates. Neil said the current yield is 5.25%

Open Positions: Sandee Braddy reported that the report that she had received from HR showed a total of 43 open positions. 22 in Independent Living, 13 at Plaza West and 1at The Inn and 7 at Memory Care & Assisted Living.

NEW BUSINESS:

Budget: Chair Roberts said they would address this next month as it was not fully completed.

As there was no further business before the committee, Chairman Roberts set the next meeting date as November 16 at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Neil Rothfeld, seconded by Cor Snoeren.. Motion so carried. Meeting adjourned at 3:22 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary