



## RAC FINANCE COMMITTEE MINUTES

January 18, 2023

Club Room, Freedom Plaza

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

Freedom Plaza Dennis Kimble, DFS & Siby Thadathil, Plant Operations Director

Chairman Roberts called the meeting to order at 2:30 pm. The Chairman asked the Secretary if a quorum was present. The Secretary confirmed a quorum. He noted it was good to have Neil back as he recovers from recent surgery as well as Joyce and Dave recovering from illnesses.

The minutes for December 21, 2022 were approved by the members present, upon a motion made by Jane Keegan, seconded by Dave Lowe. All in favor, motion so carried.

At this point Siby Thadathil arrived to go over the Capital Budget with Dennis Kimble. Dennis pointed out that he had provided the Committee with the 2022 Capital Budget as well as the 2023 Capital Budget. He pointed out areas where funds that were not spent in 2022 were carried over and added to funds allocated for some of the same projects for 2023. Siby, citing some of the highlights of the Capital budget, said that one of the biggest projects was the complete update of the ALMC building. This is a multiyear project as first there is the engineering, then design. The next step, that can take up to two months, is the contract award. Then the contractor must get the county permits after which renovation is done. They will need elevator work as well. Meanwhile ordering is going on for the furniture and fixtures. In other areas, Plaza West needs three elevator renovations. GVT will have work done on the WIFI infrastructure as well as the fire alarms. New carpeting will be installed in the common areas of GVT. In the Independent Living building there will be swimming pool renovations, one access outlet installed in each apartment to power low voltage medical equipment and \$100,000 allocated to scope the design for renovations to be started in 2024. Healthpeak has committed \$6 million over the next few years for an update of the main Plaza building. Chairman Roberts stated that Healthpeak has spent \$4.6 million in the 2022 Capital Budget for the community and has allocated \$3.8 million in the 2023 Capital Budget and now is planning on spending at least \$6 million on the Plaza building alone over the next few years. He stated that to him this means a deep commitment to the Freedom Plaza campus and an effort to keep up with current trends in CCRC's living amenities.

REPORTS:

- Cost of Living:** Cor Snoeren reported that The CPI for Class A South, which governs most of our resident contracts, was down to 7.3 %, a move in the right direction. He said that with the lag that follows the Federal rate increases, he expected it to decline further.
- Health Peak Stock:** Cor Snoeren stated that the stock closed on 1/17/23 at \$ 27.02. He further stated that Morningstar reported that its fair value is now \$35, down from \$36, but he noted that if one purchased the stock now and it rose to \$35, that would be a 30 to 35% return. He also noted that among all REIT's it is the highest dividend payer at \$1.20 per qtr.
- Open Positions:** Sandee Braddy reported that the report that she had received from HR showed a total of 52 open positions. 26 in Independent Living, 13 at Plaza West and 1 at The Inn and 12 at Memory Care & Assisted Living. A member asked about cooks and Dennis Kimble replied that a Chef had been hired and was expected to be on board in early March.
- December Financial Statements** Dennis Kimble said that there had been 12 Move Ins/Closing in December and 2 Move Outs/Vacancies, with a possibility of 17 for the month. However, he stated that now with a new sales director and salesperson on board, increasing the staff by two, there should be some more positive sale results in the coming months. He was asked what incentives had been offered to get the uptick in sales. He stated that there was 20% offered off the 2 bedroom units and the other was to remind them if they signed and come in in December, they would get the 2022 rates for almost a year. He was asked to provide the new financial criteria for incoming residents. Dennis stated he would bring it to the next meeting.

Dennis then discussed the December, 2022 Financial Report. He went over the various items affecting revenue each area. Independent Living revenue, at current occupancy, was behind plans, but with the new closings will increase. In Skilled Nursing Revenue, decreasing, was 67K unfavorable to budget. Memory Care revenues increased \$13.6 month over month. Innovative Home Services increased slightly over budget. Regarding expenses, he stated that salary and wage expenses were favorable to the budget, only because positions remain unfilled. They would much rather have it closer to budget and the positions filled. Two areas that were Health Center that was \$67k over budget was due to the use of Agency Nursing and Marketing due to the commission expense for higher sales. Dennis further stated the end of year advertising and events designed to increase sales really worked. Food and beverage expenses were still over budget by \$61K due to increased costs in meat, produce and frozen foods. Plant Ops Expenses were over by \$25k due to a contract change with C&S for lawn care.

Dennis stated that Insurance and Taxes were over due to insurance liability claims of \$361,000 created by Healthpeak making a change in the Insurance Loss Reserve. Dennis stated that without the adjustment the bottom line would have shown a profit.

NEW BUSINESS:

FLICA

Chair Roberts read a section from the FLICA 4<sup>th</sup> Quarter Resident Connection section of the FLICRA Florida Statutes 651 Modernization Proposal for 2023 Florida Legislative Session that reads:

“Streamline financial reporting by eliminating multiple costly audits for CCRCs that are part of an obligated group or that own or control additional entities if a consolidate audit contains the required financial information by CCRC or entity.”

Chair Roberts stated that this, if passed, means that we will no longer receive an individual audit for our community, but would be part of a larger package where all audits for all CCRCs owned by a corporation would be packaged together. He asked for committee comment, and all agreed that they would oppose this possible legislative enactment. Chair Roberts said he would make this known to RAC management as well as FLICRA representatives.

As there was no further business before the committee, Chairman Roberts set the next meeting date as February 15 at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Jane Keegan, seconded by Cor Snoeren. Motion so carried. Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary