



RAC FINANCE COMMITTEE MINUTES

July 19, 2023

Club Room, Freedom Plaza

Members Present: Al Roberts, Chair; Doug Atkins, Jane Keegan, John Lang, Dave Lowe (Secretary Pro Tem), Joyce McCutcheon, Neil Rothfeld, Veanna Cape (RAC Liaison)

Members Excused: Joan Feehan

Freedom Plaza Dennis Kimble, Director of Finance

Al called the meeting to order at 2:30 pm. The Secretary confirmed a quorum.

The minutes for June 21, 2023 were approved by the members present.

Al welcomed new members Doug Atkins and John Lang.

Al nominated Joan Feehan as Secretary for 2023-24; she was unanimously elected.

Neil nominated Al as Chair for 2023-24; he was unanimously elected.

Neil reported that Health Peak stock last traded at \$ 21.17 on July 18. Dividend yield is 5.7%. Morningstar's fair value of the stock is \$ 33.50.

Neil reported that the percentage change in the Consumer Price Index for May for the South Class A (the index used to set our service charge increase) was 3.7%, .7% higher than the national average. This information led to a discussion of how recent service charge increases are leading to an increase in hardship cases among Freedom Plaza residents. In this regard, Dennis said that applications for hardship relief are discussed when a couple's assets decline to \$ 100,000, but not activated until a couple's assets decline to \$ 50,000 (or a single resident's to \$ 25,000).

The Committee agreed that the monthly review of Freedom Plaza's open positions report was not useful and voted to discontinue it.

Dennis presented his report on the monthly operating statement. It was not a good month, with shortfalls in independent living revenue and skilled nursing revenue. Other adverse factors included negative variance in skilled nursing wages, food and beverage expense, and health center expense.

Some months ago the Committee had asked Dennis if he could obtain from Life Care Services further information on the insurance claims and accruals which are passed down to Freedom Plaza (and other

CCRCs in the group). These charges are not controlled by local management but are included in the monthly operating statements. Dennis provided the Committee with the following information he received from LCS:

“Following up with some information regarding claims we can share. It’s important to note there is some claims activity that pre-dates LCS’s management of the community that we have limited visibility into. Those claims are handled by Brookdale/Peak and we are only privy to the expenses related to those claims as they are presented to us. With that in mind, I can give some information regarding claims from Feb 2020 to current.

In the period between Feb 2020 to today, there were 78 claims against Freedom Plaza, of which a majority were related to Covid in some way, shape, or form. If you remove those related to Covid, 57% of cases were in SNF (Skilled Nursing), while the remaining 43% were in IL (Independent Living)/Other (visitors). That same subset of SNF-related claims accounted for 82 % of total expense paid out over that same period. On a per claim basis, incurred expenses for SNF claims were about 40% greater than claims related to other levels of care. Total open claims right not split 60%/40% SNF/IL.”

The Committee met in brief Executive Session to begin a discussion of how Committee may be enriched in the future. The discussion will be continued in future meetings.

Meeting adjourned at 3:25

Next meeting: Wednesday, August 16 2:30 PM

Respectfully submitted,

Dave Lowe, Secretary Pro Tem
Al Roberts, Chair