



RAC FINANCE COMMITTEE MINUTES

August 16, 2023

Club Room, Freedom Plaza

Members Present: Al Roberts, Chair, , Doug Atkins, Jane Keegan, Dave Lowe, John Long, Joyce McCutcheon, Neil Rothfeld, Joan Walker & Veanna Cape, RAC Liaison

Freedom Plaza Dennis Kimble, Director of Finance

Al Roberts called the meeting to order at 2:30 pm. He asked the Secretary if a quorum was present. The Secretary confirmed a quorum. The Secretary stated that she would accept the July reappointment for one year.

The minutes of July 19, 2023 were approved by the members present, upon a motion made by Neil Rothfeld seconded by Jane Keegan. All in favor, motion so carried.

Chair Roberts stated that he will be stepping down as Committee Chair, effective immediately. However, he stated, he will remain a member of the committee. He called for a motion to elect a new Chair. A motion was made by Jane Keegan, seconded by Doug Atkins, to elect Neil Rothfeld as Chair of the Finance Committee for a one-year term. All in favor, motion so carried.

REPORTS:

Cost of Living: Neil Rothfeld reported that the May CPI for Class A South, which governs most of our resident contracts was 3.7%. He also stated that the Tampa-St. Petersburg-Clearwater was 4.9%, which signifies the amount we are paying for goods. Neil stated that adding the contractual 2% to the 3.7% would signify that the annual fee increase may be around or just below 6%. Joyce McCutcheon stated that she had done a computation of the fee increases over the last 4 years and that the monthly fee has increased 32% compounded and 28.79% straight line increase. She asked where did all these increases go? Dennis replied: Labor costs.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 7/15/23 at \$20.65. He further stated that Morningstar reported that at a valuation on \$33.50, it was fairly-valued. He stated that the day trading range was between \$19.09 - \$28.43 and that the yield was 5.9%. Neil stated that Morningstar also reported that the Continuing Care segments' same store NOI growth was 19.3%, well ahead of their estimated of 6.4%. Joyce McCutcheon confirmed this data. Chair Roberts pointed out that the HealthPeak's website, under Investor Resources, has a wealth of information on the financial condition of HP and it should be of immediate interest to our residents. He asked for one of the committee members to consider volunteering to report on this site each month.

Move-ins/
Move Outs

Dennis Kimble reported that there were 2 Move ins in July and 3 Move outs.

Financials:

Dennis Kimble stated that most departments stayed within the budget in July and a high point was that the Net Operating Income for July of \$195K favorably over budget by \$131K. At that point, Chair Roberts stated that that may be for the month, but looking at the financials year to date on the Non Controllable Operating Expense line it is \$425,455. However, if that amount is deducted from Net Operating Income then the amount becomes \$240,000 negative to budget.

It was further observed Plaza that the Health Center Revenue is behind the budget by \$540,000. Dennis replied that he has asked Chris Grella to come to the next Finance Committee meeting as Chair Roberts had requested. Dennis said for now he would try to explain that a large part of the lack of revenues is caused by the census mix. Straight Medicare pays at a much better rate than HMO's & Medicaid. Medicare lets patients stay longer, especially for chronic conditions. Dennis continued that for younger people a Medicare Advantage plan may make sense, however for skilled nursing stays straight Medicare with a secondary plan is best for both the patient and the facility. Dave Lowe asked what is the current mix of the patients? Dennis replied that they try to keep 24 beds for straight Medicare (25%) which pays at a higher amount and the other 75% are available for all plans. He said that the census varies by 4 to 5 beds per month. Al Roberts said that perhaps a tour of the department may help members get a better feel for the facility. In reply to a question, Dennis replied that Skilled Nursing Marketing works with Hospitalists (formerly discharge planners) at the local hospitals to have them favorably look upon Freedom Plaza and what the facility can offer to patients.

Old Business:

Al Roberts said he was still waiting for the calculations of the Future Service Obligation calculation from Health Peak. He said this would be the Present Value of what it is going to cost to maintain the various levels of care for Residents.

Al Roberts stated that the committee had discussed many ideas in July to use as topics of discussion for future meetings. He said he had condensed them to:
 Discussion of how the Budget process works.
 Mission Statement
 Quarterly focus on various departments
 Discussion by Dennis on a quarterly basis any unusual trends

Al Roberts set the next meeting date as Wednesday, Sept. 20, at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Neil Rothfeld, seconded by Jane Keegan. Motion so carried. Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary