



RAC FINANCE COMMITTEE MINUTES

October 18, 2023

Club Room, Freedom Plaza

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

Absent Jane Keegan

Freedom Plaza Dennis Kimble, Director of Finance

Chair Rothfeld called the meeting to order at 2:30 pm. He asked the Secretary if a quorum was present. The Secretary confirmed a quorum.

The minutes of Sept. 20, 2023 were approved by the members present, upon a motion made by Dave Lowe, seconded by Doug Atkins. All in favor, motion so carried.

REPORTS:

Cost of Living: Doug Atkins reported that the September CPI for Class A South, which governs most of our resident contracts, was 4.5%. Neil Rothfeld noted that the Tampa-St. Pete area was 6.7%.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 9/15/23 at \$17.41. He further stated that Morningstar reported that at a valuation on \$32.50, it was fairly-valued. He stated that the day trading range was between \$17.30 - \$17.78 and that the yield was 6%. Neil stated that the REIT market in general was depressed.

Move-ins/ outs Dennis Kimble reported that there were 8 Move ins in September and 4 Move outs.

Financials: Neil Rothfeld polled the board on the distribution of the financial reports. A majority of the members felt that the two-page financial summary and the occupancy summaries were enough. Dennis Kimble then reviewed the financial summary he had prepared. He explained that revenues were below expected in Independent Living, Skilled Nursing and Memory Care due to occupancy below expectations. He said total Wages and Benefits were up because this was the third quarter commissions on recent sales were due as well as Extraordinary Awards. Innovative Home Services were up but so was the revenue to offset it. Dennis also said that other items like Marketing was over \$43.3K due to higher advertising costs. He stated that the Window Cleaning was \$4.9K over budget. as well as Resident Services \$5.2k for the Glitz & Glamor event and Health Center expense over budget by \$11.7k due to ancillary expenses.

Financials: Dennis reported that the Net Operating Loss for Sept. was 29.6K, missing budget expectations by \$211.6k. He stated that Year To Date revenues were under budget by \$311.6K. The total Net Operating Income was \$1.15M, \$92K less than expected at this time.

Doug Atkins asked regarding the \$12.9M projected revenue for the Health Center in the 2023 budget, how many were Medicare payors. Dennis replied that they were 24 out of 100.

Dennis also stated that there were \$66K in excess Covid supplies in inventory at the Health Center and that is going to result in a \$66K expense charge.

Chair Rothfeld asked Dennis Kimble to provide him with a copy of the Bank Statement of the Required Minimum Reserve Account.

2024 Budget: Dennis Kimble distributed the budget as submitted to Health Peak for 2024. Al Roberts questioned the allocation for anticipated revenues for the Health Center in the new budget, since in the current budget it was operating at a huge loss. Dennis said that a large portion of that miss in revenue was that the 2023 budgeted amount for Life Care discounts was too low, with Sept. being a particularly bad month. He said that for 2024, the portion of the budget dealing with Life Care discounts increased approximately 80% over the Life Care discounts allocated for 2023.

Dennis also submitted a comprehensive Capital Budget for 2024, stating Health Peak will make the final call on the proposed projects. He said that the biggest items in the Capital budget were the proposed \$7.5M for the Plaza Building, \$550K for Fleet vehicles and \$375K for paving for the main drive, visitor parking, GVT drive and Plaza West.

Old Business:

Mission Statement: The Mission Statement subcommittee presented a revised Mission Statement. After being reviewed by the committee, a motion to approve the new Mission Statement was made Dave Lowe and seconded by Veanna Cape. All in favor, motion so carried. The Mission Statement will now be sent to RAC for it's approval. Statement attached to these minutes.

Future Service Obligation: Al Roberts said he and Neil had received spread sheets calculations regarding the future service obligation calculation from Health Peak. He stated that he had made a good connection with someone from LCS to get more information. Al stated it is a very complex problem to come up with the correct calculations. John Lang said it looked like it required funding as if it were a pension plan.

New Business:

Resident Joyce McCutcheon noted that in the FLiCRA monthly newsletter a recent change in the Florida Statutes 651.085(2) that a residents' council shall designate and elect for a 12 month term a representative from resident contract holders. This representative must be notified of any meeting of the full governing body at which the annual budget and proposed changes or increases in resident fees or services are on the agenda or will be discussed.

Chair Rothfeld set the next meeting date as Wednesday, November 15, at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Doug Atkins, seconded by Dave Lowe. Motion so carried. Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary



Finance Committee Mission Statement
As approved by the Committee October 18, 2023

Mission:

Monitor financial performance of Freedom Plaza and its parent organizations by reviewing financial and operating data and communicating with management as appropriate, including conclusions and concerns, for the benefit of Freedom Plaza residents.

Responsibilities:

1. Review monthly statements of operations, operating and capital budgets, annual audited financial statements, and Office of Insurance Regulation reports.
2. Review compliance with financial aspects of Florida Statute 651 related to Continuing Care Retirement Communities (CCRCs).
3. Monitor financial developments at the parent company, including those relating to its investment in the group of CCRCs managed by LifeCare Services.
4. Provide minutes of all meetings to RAC Executive Committee for publication in a timely manner.