



RAC FINANCE COMMITTEE MINUTES

July 17, 2024

Club Room, Freedom Plaza

Members Present: Neil Rothfeld, Chair, Mike Anderson, Doug Atkins, Veanna Cape, RAC Liaison, John Lang, Al Roberts, Sondra Thorson, DRR & Joan Feehan Walker

Excused: Joyce McCutcheon

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 Chair then asked for a motion to approve the May minutes. A motion was made by John Lang, seconded by Doug Atkins. All in favor, motion so carried.

The Chair then asked for election of officers for the 2024 year. A motion was made by Al Roberts, seconded by Neil Rothfeld to elect John Lang as Chairman. All in favor, motion so carried. A motion was made by John Lang, seconded by Al Roberts to elect Joan Feehan Walker as Secretary. All in favor, motion so carried.

Chair Lang thanked everyone for his election and stated his thoughts for future meetings, such as following the agenda and staying on topic. He then asked for reports.

REPORTS:

Cost of Living: Doug Atkins reported that the June CPI for Class A South, which governs most of our resident contracts, was 3.2%, which was down from May's CPI of 3.4%.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 7/16/24 at \$21.08. He further stated that Morningstar reported that at a valuation of \$30.50, it was fairly-valued and that the yield was close to 6%.

Move-ins/ outs: Dennis Kimble reported that there were 7 Move ins in June and 3 Move outs. He stated that year to date there were 27 actual move ins and 32 move outs. Current average occupancy in IL is 381.8, or 89.8%. Al Roberts asked for the makeup of the move outs. Dennis replied that 80% were residents moving to a higher level of care and 20% were due to deaths. Regarding the information presented to residents at the monthly meetings, Al stated to Dennis that while he presented a detailed account of recent sales, he felt that many residents did not understand the move outs and how it reflects on the empty apartments on each floor. Al Roberts asked Dennis to include this information as well in the monthly presentations.

Financials: Dennis Kimble, in reviewing a commentary he had distributed to the members, stated that Revenues exceeded the budget in all areas except Independent Living. In the expense area, he stated that wages and benefits were over budget by \$104K in June and \$334.8K year to date. He further stated that IHS had a net profit of \$44.5K. One driver of the higher wages and benefits were those incurred in Food and Beverages. He further stated that the implementation of the new Dining program was initiated by LCS and the costs of approximately 1.5 full time employees was not budgeted. He said that this was known by LCS and that this initial year will now give them first-hand knowledge of the F & B requirements in next year's budget.

Answering a member's question, Dennis replied that the year-to-date reimbursement by LCS for wine is listed as Lounge revenue and is \$44,700. Sondra Thorson asked that this reimbursement be disclosed to residents at the monthly meeting. Neil Rothfeld stated that the F & B budget line would be approximately \$250,000 over budget at year end. Dennis replied that some of the causes are employment of a full-time bartender, longer opening hours (7:30 a.m. to 7 p.m.) and an increase in the quality of the food now being served at Homewood and Arbors.

Mike Anderson asked Dennis if there were any residents who were being granted a discount due to circumstances. Dennis replied that there were approximately 5 residents in this status.

Chair Lang asked Dennis if the Finance Committee has any visibility in the budget assumptions. Al Roberts replied that they are invited as a courtesy, but that they really have no input, because at the time they are asked to join the process, the budget is already at a level where any input would not matter.

Dennis then stated that the Year-to-Date Net Operating Income is \$951K. Al Roberts questioned whether this was a true figure as the budget line for Total Insurance and Taxes was substantially increased by almost \$300,000 to just under \$650,000. Al asked what was the material reason for this increase? Al further stated that if this reserve of \$650,000 was removed from the NOI presented, it would be only \$300,000. Al suggested to Dennis that this knowledge should be passed through to residents during his monthly report. Dennis said he would have to speak to the Director regarding this disclosure.

Old Business:

FLiCRA.

Al Roberts said that the recent article in the FLiCRA magazine regarding a CCRC bankruptcy was concerning to residents. Sondra Thorson restated that last month she asked for a quarterly special report stating the positions of the three tests regarding the viability of CCRC's: Occupancy, Cash on Hand and Minimum Liquid Reserves. This report to be presented to both the Finance Committee and residents at a Town Hall meeting.

Chairman Lang distributed a Proposal of Areas of Concern for the Finance Committee to review and thanked everyone for a productive meeting.

As there was no other business before the committee, Chair Lang set the next meeting date as Wednesday, August 21 at 2:30 p.m. The secretary then advised the Chair that she would be traveling on that date. Veanna Cape agreed to be secretary for that meeting. He then asked for a motion to adjourn. A motion to adjourn was made by Doug Atkins, seconded by Al Roberts. All in favor, motion so carried. Meeting adjourned at 3:47 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary