



RAC FINANCE COMMITTEE MINUTES

Sept. 18, 2024

Club Room, Freedom Plaza

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

Freedom Plaza Dennis Kimble, Director of Finance

Chair Lang called the meeting to order at 2:28 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 August minutes. A motion was made by Neil Rothfeld, seconded by Sondra Thorson. All in favor, motion so carried.

Chair Lang welcomed back Joyce McCutcheon absent recently due to illness.

REPORTS:

Cost of Living: Doug Atkins reported that the June CPI for Class A South, which governs most of our resident contracts, was 2.6%, which was down from July's CPI of 3.2%. Doug further stated that gas and used car prices have declined.

The CPI drop sparked a lively discussion among members as to the expected rate of increase for the residents for the coming year. The consensus was that due to the very high recent increases, Healthpeak should consider adjusting lower the 2% that is added to all contracts. Al Roberts and Sondra Thorson were delegated to write a letter to Healthpeak and deliver such letter to the Executive Director at the upcoming Budget meetings. Al Roberts asked Joyce McCutcheon to update her report on the effects of the compounding of interest on the annual 2% increase.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 9/17/24 at \$22.41. He further stated that Morningstar reported that at a valuation of \$30.50, it was fairly-valued and that the yield was 6%. Neil stated that REIT's, the category that Freedom Plaza is in, are undervalued and shares expected to climb as interest rates come down.

Move-ins/ outs: Dennis Kimble reported that there were 5 Move ins in August and 6 Move outs. He stated that year to date there were 34 actual move ins and 45 move outs. Current average occupancy in IL is 363.1, or 85.4%. Dennis stated that the makeup of the move outs were residents moving to a higher level of care (18), 5 were transfers to HC, 14 were deceased, 6 moved out of state and 2 were recissions.

Move-ins/ outs: Dennis stated that entry qualification standards had been raised and that marginal applicants were not even considered. When asked, Dennis stated that currently there were 6 residents who need assistance from Freedom Plaza with their monthly fee.

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 \$18.7K in August and \$404K year to date. He further stated that IHS had a net profit of \$52K. Higher wages and benefits were incurred of \$11.6K in Food and Beverages, some due to the hiring of two full time employees. Health Center was overbudget by 9K due to OT required to cover nursing positions.

In the Controllable Expense area, making up the largest share were Marketing at \$38.7k due to events and advertising and Health Center Expense at 24.6K over due to ancillary costs. Food & Beverage expenses were over by \$29.4K but will be somewhat mitigated by vendor rebates of \$20K and \$5K of alcohol and meals reclassified.

Al Roberts and Neil Rothfeld questioned why Therapy was listed as a line item in the budget reports as Freedom Plaza supposedly no longer operates the therapy dept. Dennis replied that Freedom Plaza has a therapy agreement with Health Heritage. He stated that the reason a line item is there is that the expenses and revenues are billed and received from many different payers such as Medicare, HMOs, other insurance and even private pay.

Board members also asked if HIS was a contractual service. Dennis replied that it is a separate division and has a separate license. He stated that they compute all the billing and forward it to Freedom Plaza for inclusion on resident's bills. Al Roberts asked the board to be supplied with a typical HIS monthly report. Dennis also stated that Plaza west & the Inn & Assisted living operate under two separate licenses but use one Tax ID number.

Board members asked when the liquor license would be forthcoming. Dennis replied possibly April. He was also asked what effect this would have on the budget, and he stated approximately \$3500 due to various affairs.

Dennis then talked about the upcoming Budget meeting on the 20th. He said that 1.6 million is requested in the Capital Budget for things such as redoing the front façade of the Plaza building, the Pendent system for Assisted Living, Vehicles, Plaza Atrium and halls, boilers and keeping the buildings in compliance with ADA.

Old Business: Chairman Lang stated that he would like to plan speakers for the coming months and asked for suggestions. Board members asked for Iris Martin from Marketing for October. John asked Board members to email him with suggested topics for Iris to address.

IHS was suggested for November.

Siby from Maintenance and Engineering after the Capital Budget was adopted.

Chairman Lang thanked everyone for their participation.

As there was no other business before the committee, Chair Lang set the next meeting date as Wednesday, October 16 at 2:30 p.m.

He then asked for a motion to adjourn. A motion to adjourn was made by Doug Atkins, seconded by, Mike Anderson. Motion so carried. Meeting adjourned at 3:37 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary