

**Continuing Care Retirement
Community Council Meeting
June 22, 2017**

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Mark Hennessey: We're here today for a meeting of the Continuing Care Retirement Community Council. I'm Mark Hennessey the Chair of the Council. I would like to call to order the meeting of the CCRC Council and welcome members, participants and observers.

A couple of pieces of housekeeping, just to remind Council members, staff and the audience that this meeting is subject to open meeting law and is broadcast over the Internet. Webcasts are accessed at the Department of Health website which is www.health.ny.gov. The on demand webcast will be available to later than 7 days after the meeting for a minimum of 30 days and then a copy will be retained in the Department for 4 months.

Here are some suggestions and ground rules to help make this a successful meeting. Because there is synchronized captioning it is important that people do not talk over each other. Captioning cannot be done correctly with two people speaking at the same time. So it would be helpful folks if we all spoke one at a time and I'll try to maintain the order of that okay? If Council members wish to speak, please raise your palm. I'll keep my eyes out for anybody's whose hand goes up and we'll take the questions or comments one after another.

The first time you speak please state your name and briefly identify yourself as a Council member or staff person or if you're a member of the public, please obviously state your name as well. We'll call upon you in the order you indicated your intention. It is important to get your name and all that out there because we want to make sure that the broadcasting company will be able to caption and record this meeting appropriately. I also want to remind people as we had a reminder a couple of minutes go that now these are hot mics which means that everything you say will be picked up on the microphone. It also means the shuffling of paper and stuff like that will also be picked up as well. So it would be helpful, if while people were speaking, to try to minimize the opportunities for that.

As a reminder for people in our audience, there is a form that needs to be filled out upon entering the meeting room which records your attendance at meetings. It is required by the Joint Commissioner on Public Ethics in accordance with Executive Law Section 166. The form is also posted on the Department of Health's website which is again www.health.ny.gov under the council section of the CCRC page. In the future you can fill out the form prior to the Council meetings if you so choose to save a little time and we want to thank you for your cooperation in fulfilling our duties as prescribed by law.

Members of the public are only allowed to address the Council if they sign up to speak during the public comment period. Comments will be limited to 3 minutes per speaker. Members of the public are not allowed to hand out materials directly to the Council or question the Council, they can only make public comments to the Council for consideration. So at this time, I want to just put a note here as we move through this, we're going to open with the ability for people to give public comment. I would ask though if your comments are limited to the application that's in front of us, we will take that up but we'll take that up during the time when we're going to be discussing that application. So I'll just take a glance in the back of the room, are there any public comments other than those pertaining to the application? No. so I'm seeing an indication

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of no so with that, I guess I won't ask for anyone else in the public who has signed up to speak so we'll move onto the other agenda items.

So I know everyone here as received a transcript from the last meeting and that transcript contains the discussions that we had the last time around. I also understand from one of the Council members that there may have been some additions or changes that she would like to be considered. So I'd like to turn the mic over to Ms. Barnett. I think you indicated you might want some corrections made on the minutes.

Ms. Barnett: Can you hear me? Okay. On page 42 I'm sorry not 42, page 45 on the bottom it indicates that Council member Laible was speaking but I believe I was speaking then and I have checked with Council woman Laible and she agreed that I had made that statement. Also on page 46 at the top it indicates Council Member Laible in the second paragraph but there again I was speaking and we agree on that. So those are the two changes.

Mark Hennessey: the two changes you would like to see made? Okay so I'll just open up any other members of the Council who would like to see any corrections made to the minutes? I'm not seeing anybody else indicating. So I guess at this point I will make a motion to call a vote on the adoption of the transcript as indicated by the amendments raised by Ms. Barnett. May I have a motion to adopt the transcript with its amendments for the minutes of the October 26, 2016 meeting?

Ms. Barnett: I make a motion.

Mark Hennessey: May I have a second for that motion? Second is Ms. Stubblebine. Any discussion? Okay now may I have a vote on it? All in favor say aye.

(Chorus of ayes) any opposed? Okay the minutes are adopted.

Alright the next item on the agenda is the discussion of a standing committee. I know that there have been some discussions over time. I know in our first meeting we had _____ talk about some changes that they might be interested in seeing. I know I've had some further discussions with people both people on the Council, people not on the Council about the intention to take a look at the framework for the things that we do here and maybe make some recommendations to improve upon that framework. I've had some discussions with a few of the Council members, Mr. Davis was one of those people, Ms. Laible was another one and Council Member Nealon is another one who might be interested in being members of that standing committee to take a look at reviewing our framework. I would like to have the opportunity to have a discussion on that if anybody would like to talk about that we'll take that up in a minute. But let me just make a motion, we'll have a second on it and then we'll have an opportunity for discussion. Is that fair? Okay. So the motion I am making would be to create a standing committee known as the Regulatory and Framework Improvement Committee and to appoint three (3) Council members; Council Member Alicia Laible-Kenyon, Council Member Jim Davis, and Council Member Brian Nealon to serve on that committee. May I have a second on my motion? Second Ms. Laible-Kenyon is making the second. And let's have a discussion. Okay

so I'll open to discussion, any Council members want to discuss that? Go ahead Jim, Council Member Jim Davis.

Council Member Jim Davis: (Not using mic) there's a bill in the Senate now that really kind of dramatically changes the possibilities of this Council and _____ so I think it's particularly timely_____.

Mark Hennessey: Council Member Laible.

Council Member Alicia Laible-Kenyon: Can we have that bill circulated to all the members?

Mark Hennessey: We could certainly do that. Any other comments from Council Members, discussion. Council Member Davis.

Council Member Jim Davis: My mic wasn't on so I'm going to repeat my statement. Council Member Davis, so this is one of the things that as a Council we thought we should be looking at Regulatory Form, what makes it easier for new developers to start with, makes it easier for existing operators to run their operations and I think in light of the bill that is now in the Senate which dramatically changes the role of this Council's authority in certain areas and has regulatory and statutory recommendations as well, that this is a very good time for this standing committee to be formed.

Mark Hennessey: Any other discussion from Council Members on the proposal or on the motion? Okay I would deem there is no further discussion so I would now like to call a vote on the motion as stated. Those in favor say aye.

(Chorus of ayes). Those opposed say nay. The motion is adopted.

The next item on the agenda is a motion to approve a Certificate of Authority application to establish Gurwin Independent Housing as the Operator of a CCRC to be built upon the Gurwin Campus. May I have a motion to present the application to the CCR Council? By Council Member Barnett, may I have a second? Second by Council Member Davis. Tracy Rally and George Macko will now walk us through the materials. There will be time for discussion after they speak so let's let them go through the materials before we start questions. Tracy and George.

George Macko: Thank you Mark. The applicant intends to build 176 Independent Living Units on approximately 10 ¼ acres of land contiguous to the growing campus that is owned by the Gurwin Jewish Geriatric Foundation and will be leased to Gurwin Independent Housing under a 60 year lease with a bargain purchase option. To provide the other services necessary for CCRC to the residents, Gurwin Independent Housing will be entering into contracts with two related entities on the Gurwin Campus; Gurwin Jewish Nursing and Rehabilitation Center, a 460 bed skilled nursing facility with 133 slot adult day healthcare program, and Gurwin Jewish Fay J. Lindner Residences, a 200 unit Assisted Living facility with 90 licensed as Enhanced Assisted Living. Also Gurwin Independent Housing would be entering into a shared services agreement

with Gurwin Jewish Nursing and Rehabilitation for administrative services. It should be noted that Gurwin Jewish Nursing and Rehabilitation Center has historically had very high occupancy at or above our 97% optimum planning level. If you look on page 4 of your exhibit, you'll see for several years they've been very high. Most recently they're at 98.9%. You will also notice that Suffolk County has typically been in the low 90s and Long Island as a whole has also been in the low 90s. So I think this speaks very well to the Center's standing in the community. Also listed there on page 4 is the CMS Star Ratings and the New York State Quality Ratings for the facility. The applicant plans to offer both Type A life care contracts and Type B modified contracts both with 80% and 50% refundable options. The applicant commissioned two marketing studies to test their concept and both seemed to support their basic business model.

Within the region in which the applicant would operate, there are three other CCRC's currently; there's Amsterdam at Harborside in Nassau County which is approximately 25 miles away; the community offering Life Care contracts with 3 different refund options 80%, 50% refundable and traditional declining balance. At the end of 2016, the community had independent unit living capacity of 229 units at 96.9% occupancy. Jefferson's Ferry is also in Suffolk County and is approximately 14 miles from the proposed facility. The community offers Life Care contracts with 2 refund options 90% refundable and traditional declining balance. At the end of 2016 the community had an independent living unit capacity of 248 units at 95.2% occupancy. Last, but not least, Peconic Landing in Suffolk County 60 miles away from the proposed facility. CCRC offers Life Care contracts as well as fee-for-service Type C contracts. At the end of 2016 the community had an independent living unit capacity of 296 units at 90.5% occupancy.

In June of 2015 Gurwin Independent Housing was approved to enter into priority reservation agreements and as of the date of the writing of our exhibit, they had 196 active priority reservations for the community, but I understand as of this morning there's a few more, its over 200, 201 as of right now. The total project cost for the establishment and construction of the CCRC is a little over \$139 million and the sources and uses of funding for the project are listed on pages 9 and 10 of the exhibit. Tracy would you like to describe some parts?

Tracy Rally: So my name is Tracy Rally I'm the Center Director of Planning, Licensure and Finance and so yes, as George indicated the funding sources are listed on page 10 and primarily will be met with bond financing which is anticipated to be issued through the Huntington Local Development Corporation. Three (3) series of bonds totally approximately \$124 million. Various maturities and interest rates according with those maturities. Some are shorter term with lower interest rates. Interest rates ranging from 4 ½ to 6 ½. There is also bond anticipation notes which have already been issued which will be refinanced with the permanent bond financing. That's in the order of \$5.7 million. And I just wanted to bring to your attention there has been already an equity contribution made by a related entity which is the Gurwin Foundation in the amount of \$4 million for development costs. And in addition to that, there is a subordinate debt of \$4 million which will be an intercompany loan between the Foundation and Gurwin Independent Housing. The Foundation did take a loan for that contribution and the terms of the intercompany loan between Gurwin Independent Housing and the Foundation will mirror the terms of the loan that the Foundation has. So we took a look at you know just to keep on going with the financial review, there is in your package a financial feasibility study that was

undertaken. Certainly our counterparts at DFS has taken a look at that. It does indicate financial capability and feasibility. On page 11 you'll note that the stabilized occupancy is anticipated to be achieved of 94% in 2023. And there is projected in that year to be income of \$1.7 million and day's cash on hand of \$679.

George Macko: I think that we can summarize now and say that the Department of Health along with our indispensable colleagues at the Department of Financial Services have reviewed the application and have concluded that it meets the programmatic character and confidence and financial feasibility requirements as delineated in Title 10 900.4, and therefore recommend approval with contingencies and conditions as delineated in the exhibit. Thank you.

Mark Hennessey: Okay so that's the end of the presentation. So at this point, I'd just open it to discussions by Council Members. Just to let you know you can ask questions of the fantastic people from the department who have been willing to join us today to talk about, or the applicant who has representatives here in the audience today. So I'll open it for discussion and see if anybody raises their hand to ask a discussion. Please go ahead.

Wayne Kaplan: I have a comment and a question.

George Macko: Could you just state your name for the folks doing the recording back there?

Wayne Kaplan: Wayne Kaplan, Council member. I have both a comment and a question. The comment is I've known Herb Friedman and the Gurwin Campus for about 20 some odd years, they have nothing but a stellar reputation in the entire Long Island Community and I want to commend them for that. The question is are you wrapping the Assisted Living Facility into the CCRC or are they just going to provide the services kind of outside the ring?

Frank Mandy: Frank Mandy with Aventis Strategic Partners. Mr. Kaplan's question is related to the services that will be provided at Fountain Gate Gardens on the Healthcare side. The nursing home, Gurwin's nursing home and assisted living facility will provide services to the residents of Fountain Gardens under either a continuing care a modified Type B contract or a Life Care contract. So it's a service arrangement between the entities.

Council Member Laible: So along those lines can you just talk a little bit about your staffing model and the FTE's specifically around healthcare and is that a shared position or new?

Frank Mandy: Frank Mandy again, the answer will be that the Gurwin Nursing Home and Assisted Living Facility, the campus as it currently exists and Herb Friedman is with me, 1300 FTE's I believe. When Fountain Gate Gardens is constructed FTE's for the retirement community for the Independent Housing piece will range between 50 and 60 I believe. But the healthcare piece, the long-term care I guess I should say, the skilled and the assisted will be provided at the existing facility. So although we'll have administrative staff, dining staff, marketing staff, and some staff that will manage the relationship between the entities, the FTE's are really in the for provision of care will be in the nursing home and the existing assisted living. Does that answer the question?

Council Member Laible: Yeah I guess I was just referring specifically to the 1.7 person or healthcare under staffing. I was just curious. So if you were going to have an actual healthcare worker on-site at the Independent Living.

Frank Mandy: Right we will have employees there, if someone has a health need to help manage interaction with the other growing entities. That's kind of what the 1.7 refers to.

Mark Hennessey: Council Member Davis.

Council Member Davis: Thank you. I agree with Wayne this is an excellent sponsor. I think I've known Mr. Friedman longer than 20 years, we won't say how long that is. So it's always good for us to see sponsors of this caliber stepping up to do CCRC so we're glad that you guys are doing this. Just a few questions, some of which are more kind of might be helpful to our understanding as to why you're doing certain things not so much a challenge to your project but, why did you decide to have a modified Type B in addition to the full Type A? What was the thinking there?

Frank Mandy: The answer Jim is to spread the market in other words to offer a range of different contract types and fee levels so that we could serve as many people in the local community. So a modified contract is a less expensive contract. So that's what the rationale was.

Council Member Davis: So expanding your market reach was the goal?

Frank Mandy: Correct.

Council Member Davis: Okay and I notice that under the modified plan you're going to be offering 60 days skilled, 60 days AL, I noticed in attachment E under the section fees it only references the 60 days in skilled. I've seen it both in other parts of the narrative so if you could clarify what you're doing and if it is both you should take a look at attachment E under fees. It just refers to 60 days in skilled.

Frank Mandy: Okay well the answer is when we made the application the intention was under the modified contract to only provide 60 days of skilled but to give priority access to the folks with modified contracts to Lindner which is the assisted living. Article 46 doesn't have a requirement that's 60 days of assisted living be included. In response to some questions and discussion we had with the Department and the Department of Financial Services about this topic, there was a suggestion that because the other operating Article 46 communities in New York State I think all offer assisted living as part of their modified contracts that we should consider doing the same thing. So what we did was we offered for review revised contracts and we ran the financial model again and an update on the actuarial to say, okay what if we did offer 60 days of assisted living would it have an impact financially on the project and from an actuarial balance basis? The indications from Dixon Hughes who ran a feasibility and AD Powell our actuary was that if we did offer the 60 days assisted under the modified contract it would not have a material effect on our financial model and it would not drive the community

out of actuarial balance. So the way we left it with both departments was we're willing to do it if the department is insisting upon it but the original approach was not to include assisted living in the modified contract. I'll explain the rationale for why we structured the contract that way. What we're seen in Aventis Strategic partners our company assists nonprofits to create retirement communities. We're Philadelphia based. We worked on a number of New York projects and really projects across the country. We're not seeing residents of communities use the assisted living benefit at the modified level. In other words, residents cling to their apartment as long as they can and then maybe they get aides in or they find ways not to go to assisted living and then instead they go straight onto the skilled nursing when they actually need long-term care. so the idea was, well again trying to spread the cost or the market to make it more affordable, that was the rationale why we didn't include 60 days of assisted in the original application.

Herb Friedman: I'm Herb Friedman , I'm the CEO of Uba (sounds like) Gurwin Entities and have been with Gurwin from day 1 going back to 1986. We have a CHA and we also have a homecare agency and our experience through the day-to-day operations of both the CHA and the homecare agency is that we see the very same thing. People who are independent housing if you have to go to skilled nursing, you wind up going. But if you can avoid assisted living by having supplementing with homecare that is the first choice and as such, we felt that the skilled nursing we put it in but not for the assisted living.

Council Member Davis: And that's fine but just take a look at attachment E because under fees it only identifies 60 days of skilled coverage, just to clarify the application. Take a look at that section. And just two other questions, knowing your facility and how you operate similar to what I have in New York I assume you'll have sufficient subacute care flow to accommodate the needs of your residents.

Herb Friedman: Right now we have 160 beds for subacute and I think as you all know the length of stay is less and less now with bundled payments, there's no more hip and knee replacements or joints. So that there is great occupancy. I will tell you that last year in 2016 there were 1,326 admissions. if you divide it by the days of the week Monday through Friday, that's 5.1 admissions per day so that there is always turnover and now with shorter length of stay there's greater turnover. And when I spoke to my admissions person she said, at least 3 a day and up to 12. so that once we have the independent housing fully occupied those people will get priority admission over somebody from the outside so we don't anticipate any problem whatsoever being able to accommodate our independent housing admissions to the skilled nursing facility.

Council Member Davis: So you have sufficient fluidity within your nursing home.

Herb Friedman: Absolutely.

Frank Mandy: And Jim I would just add we looked at the model and between 6 and 7 years out from opening we would anticipate only 10 Fountain Gardens residents would be receiving skilled nursing care in that period and 11 in Lindner the assisted living building. So again, a very small number given the size of Gurwin's nursing home and assisted living buildings. So we're very confident that care will be available when the residents of the CCRC need it.

Council Member Davis: And I would be confident in you guys as well. And last but not least, your construction cost estimates, your hard number which was \$74 million I believe. How recent did you get that estimate?

Frank Mandy: It was a schematic design estimate. Perkins Eastman is our architect, Lecesse Construction out of Rochester is the Construction Management Firm. We released Perkins to move into design development just 2 months ago so at the end of the design development period which will be I think this Fall September, October we're going to release Lecesse for an update. When we do our financial models, we build in very conservative construction estimates because there is a length of time. To answer your question Jim the estimate was done late in 2015 so about a year and a half ago. And we realize I mean the US Economy is booming again, construction world is busy. So we had conservative estimates in but we will do an update this Fall once the DD process is finished by Perkins Eastman.

Council Member Davis: Do you happen to know what the square footage cost was when you did it in 2015.

Frank Mandy: I don't know it off the top of my head.

Council Member Davis: I can tell you what its going to be now.

Frank Mandy: Well higher.

Council Member Davis: Well it's about \$400 a square foot. Are you doing a wood frame building do you know?

Frank Mandy: Yeah the wood frame.

Council Member Davis: Well that's a little cheaper than what I thought. But I would be cautious about the cost estimate that you have because we're in the same Nassau/Suffolk Trade Council and I can tell you costs are way up and my guess is your number is probably low.

Frank Mandy: Yeah and we do have large contingencies and conservative estimates built in. I would say Aventis is working with other nonprofits in the Northeast. We have several projects under construction so I am not in anyway disagreeing with your suggestion that costs have gone up quite a bit. I mean again it's a sign the US economy is getting stronger, a lot more construction activity going on. So we're looking forward to getting the update this fall.

Council Member Davis: Here's the question, if it's higher can you absorb it in your application?

Frank Mandy: Yeah, we feel pretty confident. We had a meeting with Lecesse in our office about a month ago and I talked about this topic and the financial folks at Aventis are confident that we have built in enough cushion to absorb that difference.

Council Member Davis: No further questions.

Council Member Burnett: I just as a person living in a CCRC you saw me shaking my head when you said what you said that people do everything to stay out of assisted living and do hire aides and manage as long as they can, sometimes too long and then go into skilled nursing.

Mark Hennessey: Any other Council Members with anything they'd like to discuss. Assuming that means no so right now may I have a motion to accept the Department's recommendation for approval of the application with conditions and contingencies in the schedules presented today. Council Member Laible and may I have a second? Council Member Davis. I'd like to now call a vote on the motion as stated. Those in favor say aye.

(Chorus of ayes) those opposed nay. The motion is passed. Thank you. Next up is a summary of year-end reports by the Division of Financial Services, welcome our partners from DFS please.

Steve Weiss: Good afternoon Steve Weiss from the Department of Financial Services. We have a few slides today, hopefully I can figure out how to move them along. So far so good.

The first slide, hopefully everyone can see and I think it's in the package also is occupancy for the CCRC's. As you can see 7 of the 11 CCRCs now have strong ILU occupancy levels, all above 90%. 4 of the 11 however are less than ideal. Of these 4 I think 2 need to be pointed out specifically Glen Arden in the Knolls and the Knolls is the former Westchester Meadow CCRC. Glen Arden has actually trended fairly over the last few years but the improvement is very minor and overall the ILU occupancy continues to hover about 60% so we do have them on monthly reporting and we've been having meetings with them periodically every 2 or 3 months. The other two the two Kendall's they are now in the mid 80% range. Note that Kendall in Ithaca completed a 24-unit ILU expansion in 2016 and these units have yet to be fully absorbed. Also Kendall at Hudson went through a recent renovation project. No new ILU's but the construction which is now complete may have hurt the occupancy levels. Both of these are on our radar, we continue to monitor them quarterly and the manager of the CCRC's are ascribing to in pro of occupancy.

I note that the Amsterdam at Harborside and Woodland Pond they were both hurt by opening during the real estate downturn. They both have had remarkable recovery since then and have had very high ILU occupancy. Peconic Landing appears to be trending down at 2016 but this is really because they had an additional 46 ILU's in 2016 and they're still above 90%. So any questions with regard to occupancy?

Mark Hennessey: What are the reasons behind these lower rates that you're talking about in your discussions with these organizations? What have you seen?

Steve Weiss: Low rates I'm sorry oh with the occupancy levels. I mean particularly with Glen Arden I think the Orange County area they didn't recover as strongly as some of the geographic

areas in New York after the economic downturn. They've hired some marketing specialists and are trying different strategies to try to build up the ILU.

Mark Hennessey: So you make the assertion that they are making positive steps towards trying to raise that rate basically?

Steve Weiss: They are making positive steps but there is reason to be concerned. That occupancy level is very low and in some of the slides to come you'll see that there are very low cash on hands and some other metrics are very low, so DFS and I know DOH is following this community very closely.

Council Member Davis: As a follow up is there a consultant running Glen Arden or did they hire a full-time?

Steve Weiss: they did hire a full time yes.

Council Member Davis: Just one other question, on the Kendall on Hudson are you convinced that the renovation affected occupancy. This is a selfish question since I'm thinking of doing something along these lines. Was that really an impact on...

Steve Weiss: Based on our conversations with management that seems to be the case and based on the history of the community that seems to be accurate.

Council Member Laible: So for any of the year-end audits did anything come back with any of these CCRC's not being financially feasible moving forward or is there any real concern for...

Steve Weiss: Well in the coming slides we'll take a look at some of the plans with regard to some of the financial metrics and days cash on hand and just some of the other financial metrics. So perhaps we can wait for a few slides and then if that doesn't answer your question we can circle back.

Council Member Laible: Okay and just on occupancy for the Knolls is that, I see at the end of 2015 it was 61% and now its 60% have they had any increases or its just been a I guess is there anymore insight you can give into after the transfer of how occupancy has been for it?

Steve Weiss: It's been fairly flat. I know the most recent month closed, we have them on monthly reporting, they actually had 2 residents decrease and they had 2 residents move in so but they are increasing their marketing also. I think they spent \$70,000 in the past month on marketing.

Council Member Davis: There is a report in the handouts that shows that monthly reporting, is that I think when we approved the project back in October, we, I think the Council Members expected to get regular updates on this project and how its doing. So if we could get these monthly reports in whatever format you think is best for us, I think we should see those.

Steve Weiss: We will definitely pass those on.

Tracy Rally: This is Tracy Rally again the Center Director Planning, Licensure and Finance for the Department. We did anticipate the Knolls making a presentation because we know that was discussed as part of the approval of the application. And our apologies with the deferment of this council meeting they were not able to make this presentation but they did commit to a presentation at the September Council Meeting.

Mark Hennessey: And just to add further flavor to the comment that Tracy just made I went back and I looked at the minutes from our last meeting, I will tell you that it was a very, looking at the words that were made its not a specific direction by the Council, it was an expectation that that was the case, I think we all left here with that expectation. But we'll certainly make the opportunity available to them at the next possible meeting to have them come back and give us some further information. But it was sort of a soft request is probably the best way to put it. It wasn't actually a direction that we gave or a motion or anything like that. But if we could continue with the presentation that probably would be helpful.

Steve Weiss: Thank you. The next slide is just a geographical presentation of the occupancy so if no one has questions on that I'll move forward.

So with regard to the day's cash on hand, as you can see 7 of the 11 CCRC's now have relatively high days cash on hand. We do note that the Summit of Brighton has trended up quite a bit over the last 3 years, also their ILU occupancy has also improved quite a bit during that time. In addition, for Summit of Brighton there was also a relatively large amount due to an affiliate which was forgiven and that helped contribute to the increase in day's cash on hand. Do not that Peconic Landing has trended down a little bit. However I do note that they recently went through a large ILU expansion which was completed in 2016. of the other 4 again particular note for Glen Arden and the Knolls formerly Westchester Meadows, they have extremely low days cash on hand and again we continue to monitor these two communities quite closely. We have them on monthly reporting. Amsterdam at Harborside and Woodland Pond again both suffer from less than ideal ILU occupancy when they first opened during the real estate downturn. But now they're reached near full and stable ILU occupancy and as you can see, their day's cash on hand has also improved over the last 2 years. The two Kendalls again, Kendall at Ithaca, Kendall on Hudson they now have less than ideal occupancy in the mid 80 range but as you'll see their days cash on hand continues to be very strong. Any questions?

And again the next slide is just a geographical presentation on the day's cash on hand.

So for the next slide shows the debt reserve, operating reserve and balance sheet surplus. The minimum liquid debt reserve which is defined in section 350.6A1 of regulation 140 is essentially meant to be a liquid reserve for the next 12 months of debt service. The minimum liquid operating reserve which is defined in section 350.6A2 of regular 140 is essentially meant to be a liquid reserve for 35% of the next 12 months of operating expenses.

With regard to actuarial surplus, actuarial surplus is the excess of actuarial assets over the greater of two separate reserve calculations, a prospective one and a retrospective one. And the surplus as of an evaluation or reporting date needs to be greater or equal to zero as reported in the most recent actuarial study. It's important to note that the actuarial surplus is just one of three necessary conditions for being in satisfactory actuarial balance, the other two are positive profit margins on the contracts being sold and positive cash flow accumulations being projected into the future. And the actuarial surplus is defined in various sections of the regulation 140 but particularly in section 350.1.

As you can see, all 11 CCRC's satisfy the minimum liquid debt reserve requirement. Also all of the CCRC's have satisfied the minimum liquid operating reserve requirement except for Glen Arden. We do note that the Knolls satisfies the requirement but only by virtue of having an exemption hence the asterisk near the OK just shows that they are allowed to be at 10% of the normally required level for the year. This level will go from 10% to 25% by the end of 2017. We also note that Summit of Brighton has since 2016 and the first quarter of 2017 they've reported a small deficiency, but in speaking with management, they expect to clear that by the next quarter.

Most of the CCRC's show a negative net income for 2016 the exceptions being Canterbury Woods, Jefferson's Ferry, Summit of Brighton and the Knolls. Once again, the Knolls reflects the first two months of operations November and December of 2016 after the take over from Westchester Meadows.

We are also looking at actuarial studies. These are required every 3 years or more often if DFS requests them particularly for our troubled CCRC's. Two of the four actuarial studies show actuarial balance at the end of '16; these were Kendall on Hudson and Peconic Landing. This was expected but the studies and particularly the assumptions will be reviewed for more reasonableness. Glen Arden showed a deficit at the end of 2016 but projected a positive surplus by the end of 2018. All of the assumptions in the actuarial study particularly the assumptions for ILU occupancy over the next several years are under review and under discussions with management. Finally we note that the Amsterdam at Harborside sent in their actuarial study last month and the study is under review and we've had some initial discussions with the CCRC's management. Any questions on this slide?

Council Member Wayne Kaplan: Why is that most of the communities have a negative or less than zero net income?

Steve Weiss: It's essentially the gap accounting, the debt is for most communities is very high and they also need to show as if the refunds were due as of the date of valuation. So it does skew the financial result a bit.

Council Member Wayne Kaplan: But 4 of the are positive.

Steve Weiss: Some of it just has to do with how long the community has been in place, the type of contracts that they offer and also the amount of debt to pay off. If we can, I can get back to

you on more specific why those 4 communities in particular show a little different. Okay thank you Council.

Mark Hennessey: Thank you very much for your presentation. There's no more further business on the agenda, I would just say if any of the Council Members would like to discuss anything before we adjourn now is a great time to raise you hand, chime in. Council Member Davis.

Council Member Davis: Just a clarification, this report on the Knolls if we could just get this I think it would be helpful. This is a monthly report that you're getting? Could that be shared with the Council? Good.

Mark Hennessey: Any other comments from Council Members?

Council Member Laible: So I know they said that they were going to try to come to the next meeting, is that possible to make a request that they come to the next meeting?

Mark Hennessey: Tracy would you like to take that one?

Tracy Rally: I had reached out to the Knolls in anticipation of the expectation not the request or requirement that they present today. They indicated a commitment to present at the next meeting in September.

Council Member Laible: Is it also possible for us to get a slightly more thorough review of Glen Arden just looking at some of these numbers? A little bit more about what it is that they're doing right now to try and turn around some of those numbers just so we don't get into another situation like what we had with Westchester Meadows?

Mark Hennessey: So Tracy is just asking a question for clarification purposes, would that further detail come from DFS or would that be something that would come from the department? How would we move through that?

Tracy Rally: Yeah I think DFS is closer to the financial aspects certainly I do periodically touch base with Glen Arden and share concerns. They do have similarities you know of Westchester Meadows but they are working through them. There is litigation involved between the managed long-term care and the other entities that is moving through successfully. They sold their nursing homes. We know from that side and that cash is becoming available. Again, it was involved in litigation so I think it would be a joint effort between the department and DFS with DFS taking the lead. But I think it's a good question and deserves a follow up.

Mark Hennessey: Alright so can I go back for a second because there were sort of two things raised here and I just want to move through them from an official standpoint right. So first thing was the potential of I think making a motion to have the successor to Westchester Meadows Bethel appear at our next meeting to present information on their financial situation. Is that what we are formulating?

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Tracy Rally: Yes.

Mark Hennessey: So could I have a motion to have Bethel appear at the next meeting to present on the financial situation at the campus? Second? Ms. Barnett. May I take a vote on that. Anyone who is in favor say aye.

(Chorus of ayes) anyone opposed? No? Okay.

Council Member Davis: No just on that point the reason I think this is important to us is that this Council approved that application but if you recall many of us expressed reservations about the applicant's ability to do this but we were kind of left with not much of a choice. So I think in light of the circumstances that the Council approved that project its really important that we get regular updates on the status of the project via reports and this presentation.

Mark Hennessey: And could I call our partners from DFS back to the table for a minute if you could. So there was a discussion a minute ago about potentially having some further information on one of the troubled campuses. Is that something you guys could be able to provide by the next meeting which will be in last September?

Steve Weiss: Yes, DFS can provide those presentations.

Mark Hennessey: I don't think we need a motion to do that right? Okay. So thank you very much and is there any further business from anyone on the Council? No? Well than I'll start with asking for some to present, can I have a motion to adjourn? Council Member Davis. Can I have a second? Council Member Kaplan. Can I have a vote on the motion to adjourn. All in favor say aye.

(Chorus of ayes) all opposed? The meeting is adjourned. Next meeting we anticipate will be on September 13th and the location I think we were talking about 875 Central it may be here again we will make sure to get back to the Council Members to let them know about that. If an ad Hoc meeting is held prior to that date, the notice will be posted to the Department of Health Public Meetings website and an e-mail sent out to people signed up for the list surv and if you need instructions to sign up for the list surv please see staff after the meeting or e-mail ccrc@health.ny.gov. Thank you very much for your time.