
Mark Hennessey: No sound for 1 minute and 7 seconds.

It is important to state your name clearly so that captioning and recording can be done appropriately. I also want to remind people that the microphones in the room are hot which means that everything you say will be picked up and recorded in the webcast. It also means that the shuffling of paper or background noise will be picked up as well. Please minimize the potential for background noise while people are speaking. And my own personal note, it would be wonderful please if you would silence your cell phones or turn them off. I just did that and it makes the meetings go a lot better. As a reminder, for people in the room, there's a form that needs to be filled out upon entering the meeting room which records your attendance at meetings. It's required by the Joint Commission on Public Ethics in accordance with Executive Law §166. The form is also posted at the Department of Health's website which is again is www.health.ny.gov. In the future you can fill out the form prior to the Council meetings if you choose to, to save a little time and I 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 three 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'm going to ask staff if there is anyone signed up for public comment. No one okay thank you.

We have a few announcements to make before I proceed with the rest of the meeting. Alicia Labile-Kenyon has resigned her seat on the Council due to other professional commitments. Alicia did some fantastic work on the Council and also is the Chair of the Regulatory and Framework Improvement Committee. We've also had a change from the Office of the Attorney General, their designee to the Council. Ms. Jennifer Allison has replaced Jim Sheehan as their designee and as Councilmember so we'd like to welcome you for your first meeting. I would also like to thank Mr. Sheehan for his service and his demonstrated commitment to residents in protecting their safety and security. Jim was I think instrumental in a bunch of our different meetings to make sure those ideas got passed along. So if you pass along our thanks to him, we would appreciate it. So we want to welcome you again and we'll get started with the agenda items.

So the transcript from the last meeting of the Council was distributed as part of today's packet. The transcript contains the discussions we had and it's going to serve as the minutes for the Council meeting as authorized by the Council's by-laws. Before I make a motion to adopt the transcript, does anyone have any additions or changes that they would like to see considered? And we'll just give you a minute to think on that. Okay so I don't think that's the case. At this point I will make a motion to call a vote on the adoption of the transcript so I will make that motion. May I have a second for that motion?

Mr. Nealon: Second.

Mark Hennessey: Second by Mr. Nealon. Any discussion? Okay all in favor of approving the minutes say aye.

(Chorus of ayes) any nays? Any abstentions? Abstention by Ms. Allinson. So thank you so much the minutes are adopted.

Second item on the agenda is an update on Rivers Edge and Fountain Gate Gardens. The CCRC Council has approved two conditional certificates of authority for new CCRC's to be marketed. Mr. Heeran for the Department our trustee colleague is here to provide us with some update on both communities. Mr. Heeran.

Mr. Heeran: Thank you. First with Fountain Gate Gardens, Fountain Gate Gardens in Suffolk County was approved for a Conditional Certificate of Authority to enter into marketing. They have entered in seventy-three 10% deposit contracts for 176 independent living units and they expect that they may be able to start construction in the first half of 2020. So they're progressing nicely. Both communities are progressing and will add nicely but slowly.

Rivers Edge received the necessary approvals to move forward for the CCRC to be built in Bronx, New York. The final New York City Council approval made slight changes to the building heights and instead of three buildings of eight, six and four floors, they were approved for buildings of eleven, give and three floors. The eleven story building will be the first phase and will have +/- 270 units of independent living and common areas. The marketing for phase 1 began in November after receiving zoning approval and they currently have 60 \$1,000 priority deposits. Phase 2 will be the five story and 3 story sales and will have 116 independent living units. They are also moving ahead with ALR construction Assisted Living Construction which is scheduled to be completed by the end of this year to add 70 assisted living units including memory care apartments in support of the CCRC. A formal modification regarding the phase 1 construction that's going to go forward is anticipated to be submitted to DOH in the near future.

Mark Hennessey: Are there any questions for Mr. Heeran? Councilmember.

Councilmember Davis: Is there anything about those zoning changes that affects the application that we approved or just going back to DOH for construction costs and other things.

Mr. Heeran: They would just come back to us if we felt the need to come back to the Council, we would bring it back to the Council but if it's not substantial changes. I've yet to see that but we'll review it. And again, they still will have to resubmit a lot of that material before they go forward to construction to get approval. We have to approve them to go forward to construction so they'll probably have to update and resubmit a lot of that material as well. We'll just keep the Council updated as these meetings go on to let you know and keep you updated of any changes.

Mark Hennessey: Any other questions? No more okay. Any other Councilmember questions? Alright so we'll move onto the, thank you Mr. Heeran. We'll move onto the next agenda item. At this time I'd ask that all, well I would ask now we move to Executive Session to discuss the medical, financial, credit or employment history of a particular person or corporation. So can I have a motion to that actually I'll reread the motion. I would like to if someone would mind entertaining a motion to move to Executive Session to discuss the medical, financial, credit or

employment history of a particular person or corporation. May I have such a motion? Motion over here. Councilmember Barnett right? And Councilmember Kaplan that's second. I already have a second, we're good I think. Any discussion on the matter? Okay now can I take a vote on the move to Executive Session? All in favor say aye.

(Chorus of ayes) any opposed? Any abstentions? Alright so at this point I would ask that all members in attendance clear the room except for CCRC Council members and essential DOH and DFS staff so we can enter into Executive Session. We have staff present who will guide you and let you know when it is okay to reenter the room for folks who are being excused. We would ask the webcast be turned off while we are in Executive Session.

I would now ask that we take a motion to end Executive Session, can I have a motion from someone. Councilmember Stubblebine is motion, second Councilmember Kaplan. Any discussion? All in favor of the motion say aye.

(Chorus of ayes) any opposed? Any abstentions? Motion passes. We now resume regular session. Next agenda item is an update on two CCRC's that the Council has requested regular reporting from. Mr. Heeran will start the reporting by providing an update on the Knolls and Glen Arden. I will then invite representatives of Glen Arden to come forward to address the Council, first Mr. Heeran.

Mr. Heeran: Thank you. The Knolls CCRC which was the CCRC which was purchased through bankruptcy formerly known as Westchester Meadow and that the Council approved continues to demonstrate a steady level of sales, strong interest in the type B modified and type C fee for service contracts that they offer. As of May 10th, 100 of the 120 independent living units are occupied with 9 deposits taken on the 20 remaining vacant apartments. Move in dates for the 9 depositors are scheduled between the next couple of months they should all be moved in by July of this year. They have an additional 8 people currently on a wait list for larger units which are currently all occupied at the CCRC. While they are selling both type B modified and type C fee for service, the type C has been the more prevalent contract to be sold. Both contract types appear to have an equal split between the declining balance entrance fee refund option and the 90% guaranteed entrance fee refund option. They do not anticipate being able to start paying the conditional refund payments due under the Westchester Meadows amended contracts before the end of 2020, as they still need to pay off some type C series bonds before making those payments. Approximately one third or 25 of the Westchester Meadows amended contracts through bankruptcy have been terminated to date with the 7.5% guarantee refund paid or scheduled to be paid within the required one-year period. There is current approximately \$5.5 million in conditional payments due on terminated Westchester meadows amended contracts and that's on top of what was paid the guaranteed amount paid. The Knolls has just finished spending over \$8 million to renovate all common areas, the skilled nursing units, enriched housing unit and 70 of the independent living apartments. The only areas not touched in the renovation are units that are currently occupied by residents. They will be renovated before being sold and reoccupied. The Knoll estimates that they have spent, on average, \$21,000 per unit to renovate the apartments after taking over the CCRC. And representatives of the Knolls

can make themselves available to answer any questions that the Council may have and they are willing to come forward to any meeting if you want them to. Any questions on that?

Mark Hennessey: Questions regarding the Knolls? No? We have been told that if Council seeks, we could have people from the Knolls appear to actually present before the Council. That would be helpful at some point.

Mr. Heeran: So for Glen Arden, I am just going to give a quick review of the conditions that were placed on the CCRC back in May 15th of 2018. The condition was to fund the operating reserve and there has been a little progress on that. Develop a strategic plan. They submitted a strategic plan which has been shared with the Council on April 1st of this year. It was not approved by the departments because we felt it needed more work to address how they were going to achieve statutory compliance under that plan and it continues to be a work in progress. They have also had a condition to have third party oversight of a strategic plan when it was approved. They did submit bidder information for three potential people to do this work; all three were qualified people to do the work. We felt comfortable with any of the three. They have not hired any yet and when they choose to do so, the departments will need to see the contracts and approve them. To our knowledge, all services are being provided as promised in the contracts and we do not know of any threats to resident health and safety at this time. We do have weekly cash flow meetings with the CCRC. We have biweekly meetings with the CCRC I'm sorry, every two weeks, they submit cash flows weekly and we did move the dates of those biweekly meetings to a Tuesday so that it would be more current with Monday submission. And we do at those meetings discuss in depth the cash projections that are submitted to make sure the CCRC continues to have adequate cash available to meet their obligations. We did approve a type C contract last year I believe in August of last year for them to offer, but my understanding is there has been little interest in that contract to date. I believe they have only had one sale of that contract. The larger units at the CCRC continue to remain a challenge to sell. Most of their sales seem to occur with the smaller units at the CCRC which I believe at this time the small units are fully sold and fully occupied. Occupancy has continued to remain stagnant and the issues and concerns stated at the May 15th meeting still exist with no substantial progress being made to resolve them. The CCRC has been exploring options for marketing and has recently made changes to the number of contracts offered. They have reduced the number of contracts offered that they're offering. And Elant continues to provide cash resources. DOH and DFS continue to work with the CCRC on proper disclosure and revisions to the disclosure statement and we have provided those documents to you as well.

Mark Hennessey: So I understand we have representatives here from Glen Arden here to discuss their efforts, to address the conditions and to update the Council. So, if you'd like to join us come right up. There is some space for you right there. Please make sure when you do come up that you identify yourselves, state your association with the organization and just to make sure that we get that down on the record if you could. So, first time say your name, your association with the organization.

Tom McGorry: I'm Tom McGorry I'm the recent Board Chairman as of June this year.

Debra Zambito: Debra Zambito, I'm the CEO of Glen Arden.

Eric Bach: Eric Bach, I'm Council to Glen Arden.

Mark Hennessey: So you've provided us with a slide that you're going to walk us through right?

Debra Zambito: Yes, I am thank you. Is this on?

Mark Hennessey: They are always on and I can hear you. I can hear you and my hearing's terrible. So you're all set.

Debra Zambito: Okay so we have a slide deck. I wanted to just make a statement that on the biweekly calls the Department of Health and Department of Financial Services those participating in the calls it's been tough but we appreciate the time that everybody takes to do that because we do recognize it as them assisting us to keep us on track and making sure that we are acting in an appropriate manner. So we view that as a helpful situation and not a hindrance to our succeeding.

So I did not do an agenda or a table of contents. I wanted to start with just a quick recap of the 2018 and some of the things that happened during there. We did hire a new advertising agency with a savings that happened in April. We continue to have contracted rates for our utilities, which of course, offer some savings and there is stability there. We have unfortunately, significant ongoing expenses related to the Corporate Integrity Agreement and the independent review organization that we are required as well as corresponding legal expenses with that. We do have ongoing significant repair and maintenance expenses with major systems. It is difficult, we are an old community, over 20 years old. We have not had any type of face lift or update of major systems so we continue to struggle with those types of expenses that I think somebody that has been updated or a facility that's been updated would not have to the extent that we have to incur. Good news is we had our 2018 Health Care Survey and, of course, we continue to be a 5 star facility so we're very proud of that. We do provide outstanding care.

Administrative, with regard to that we hired a new audit firm for the 2017 audit, Lobe and Troper and then, of course, they did our 2018 audit as well. We welcomed some new board members, others resigned, moved on. We are now at our minimum required according to our bylaws the minimum number of board members that we are allowed to have for Glen Arden. We have ongoing enhanced compliance reporting as required by the Corporate Integrity Agreement. We have a proposal for assistant, we had generated a proposal for assistance in preparing the Strategic Plan. We did not go that route, we choose to develop that strategic plan in-house. That decision was made in December of 2018. And then we did have some revisions to the Disclosure Statement Standard Information sheet and Residence Agreements during '18 as per various requests from and through conversation with DFS, DOH on our biweekly calls, some of the things needed revision. We had the AV Powell report preparation of the actuarial report which actually, I'm sure everybody remembers, we actually had to hard code the marketing incentives that were unauthorized which obviously gave rise to the ultimate enforcement action.

So we had to recast the actuarial report in 2018 to make sure all of that was incorporated. And we actually had an actuarial study that was consistent with the practices that were going on.

We had a new administrator, new social worker, those were significant management positions in the healthcare center. We did have the approval as Mike Heeran alluded to as the fee for service contract that came through August 2nd. We had very high hopes that that would be helpful in helping us move the larger units. We have an extremely, almost 100% of our large units are unoccupied so it's tough. The good news to that is however that because they have been unoccupied for so very long, in excessive of 10 years, we have virtually no refund liability on those large units that are due. On August 26th, this is the recap of obviously is when we received the hard copy, the actual notice of the Enforcement Action and a proposed stipulation in order. I have identified some of the key things which you're all very much aware as I'm sure of what's in the stip and order required to fund reserves, develop a strategic plan, find an independent party to monitor the strategic plan and then, of course, disclosure of using the full audited financials included in the disclosure statement. In the past we had always used the, had incorporated the audited financials, however we did not use the notes to the financials. So as soon as this we met this requirement immediately.

We did enter into a listing agreement with Rand Commercial for sale of the lifestyles property 10.4 acres. It initially was listed at \$15 million, that listing has been changed now to \$9.75 million, same 10.4 acres. We were able to spin off the pension plan, the main Elant system, we spun off the pension plan for an effective date of 12/31/18 and then we also in 2018 the Board committed to funding the operating reserve with proceeds of the sale of the lifestyles property.

The next slide was just a recap of the Council meeting. We understand the seriousness of it last year in May '18. So this is just a recap again of what happened there and the basis for it. Obviously failure to maintain operating reserves in accordance with our Article 46 and our licensure. Use of the marketing incentives that were not approved by the governing agencies, and use of the initial disclosure statement is not compliant with Article 46. We have since obviously made the necessary changes to the disclosure statement. We, of course, immediately ceased using the marketing incentives and the most significant really at this point is the strategic plan that is acceptable and funding the operating reserves.

So, our sales recap is on the next slide. Pretty much as Mike alluded to, we're pretty stagnant. We do have the ability to sell. We have a fabulous Director of Marketing and she's continuing to sell but we can't seem to move the larger units so that's our goal. So, we open the year with 101 and we ended the year with 99.

The next couple of slides are really for your information. I won't specifically speak to them other than our lead to presentation ratios and rates are consistent with national averages and so we're comfortable with that. We struggle with the volume of the lead database and people that are appropriate and would be appropriate for the larger units. So that's been our challenge. Our lead to once our presentation to actual sales conversion rates are also aligned with the national averages, so we do not struggle in that area in terms of the conversions and getting people once

they're in the door to act on actually engaging in purchasing a contract, but it's getting the appropriate leads and the volume that we need that is a struggle.

So 2019 let me give you an update. We started the year with 99, we have had 7 move-ins through this past week. We have move outs of 7 and permanent placements of 3 leaving us at 96 occupied units as of today. Again, statistics to follow up with backing those numbers up, we're maintaining our lead to presentation rates consistent with national averages. We're maintaining our presentation to sales conversion rates as well, just not with the right units and not enough. So not enough is our challenge. We seem to have, are stuck at the 1 to 2 sales per month and we need to get way, way past that in order, we have to drive revenue. So we need to find a way to, the goal of the strategic plan is to find a way to drive that revenue piece and get beyond the 1 to 2 sales per month.

So part of our strategic plan, well onto the strategic plan. So these are some of the things on this next slide that we have completed and are ongoing that we intend to assist us with reaching the sales goals that we need to reach. So we reduced some management staffing, we eliminated the Executive Director position and so I am acting in that capacity and will continue to act in that capacity. Our corporate controller as of April 1st has gone to a part-time basis. We have a Senior Accountant which is adequate now that most of the Elant system is gone in terms of doing the financial reporting and any thing that's necessary from a financial perspective. Obviously we have a biller. So by the end of this year, the corporate controller's salary will be completely phased out. At this point, going into next quarter, his focus will just continue to be the weekly cash flow reports and being on our biweekly calls. All other duties will be moved to the Senior Accountant. We engaged a vendor to do a market study and complete the market report and that was completed at May 31st. We also engaged a new digital advertising company, the one that we had engaged in April of 2018. We gave it a try, wasn't working. We did not feel we were getting the momentum that we needed to push that sales number again beyond the 1 to 2 a month and so we made a change with that to a new digital advertising company. And we have seen an immediate impact on our digital exposure and we have weekly update meetings in following the statistics to make sure that everybody's on track. We have also engaged a new marketing company. This is Brand Medal (sounds like), they are the marketing organization that handles Jefferson Ferry and we've had a lot of good feedback. We've already had our kick off meeting with digital advertising and the new marketing person so that our messaging is consistent, that is what's needed and specifically focused towards those that would be appropriate and desirable for the two bedroom apartments which is the ones that have not been occupied in a very long time that need to be.

So I have worked with AV Powell and the marketing and the organization that did the marketing study and came up with some new pricing models that was done on May 31st. So the next step is going to be moving towards getting those approved, the use of those contracts approved at the new pricing. We have eliminated the contract options of the 75 refundable life care, this is recent and the modified type B just it was, we needed to stop further creating the liability hole and so we at this point had taken it off the table. From what we can see thus far, it has not created a problem. We have not had any prospects that have said, "Well you know what you don't have that available anymore. You don't have a refundable option, we're not moving

forward.” So there’s an interest and continues to be an interest in the declining balance which is a good thing and so that’s at this point our only contract options that we are currently selling are the declining balance and also the 90% refundable fee for service, which, as Mike had indicated, kind of has been a nonstarter. So rather disappointment but nonetheless.

The AV Powell report prepared the pricing analysis and the cash flow analysis for the new contract offerings and that was completed actually just two days ago. I got the report. What we’ve done or what I’ve asked them to do is they’ve taken the new contract or proposed new contract options and pricing and modeling and I’ve asked them to say, “What’s the worst case scenario? What’s the best case scenario?” So where do we stand if I sell only declining balance or if I sell only the 75% refundable at different price points I have to clarify that, its not bringing back what we had. And also doing the cash flow analysis where we would, the assumptions that the sales team and the marketing folks have made which is so all scenarios for the most part have shown positive cash flow. So on the next slide I will get there but I’m going to pick up on that topic again on the next slide after I finish a few of these items.

We voted in a new chairperson Tom McGorry who is sitting to my left and we had contracted also with a new medical director for our physician services in the healthcare center come the first of January 2019. We have started our union contract negotiations and May 28th was our first meeting with them yesterday was my second meeting with them. We made a choice not to sign the group of 65 MOA extension agreement. We’ve not had a baseline CBA since 2008 so it’s time and we’re just not in the position to keep taking on what everybody else is taking on in terms of contract offerings. So we’ve made a decision to go out to negotiations on that. I can’t gage right now I can’t give any feedback as to, I think they’re going okay that’s all I’ll say at this point so. And we don’t have, there’s a huge information request so I don’t have my next meeting set with them as yet.

We continue with our biweekly calls with the Department of Health and Department of Financial Services group of folks and weekly monitoring of the cash flow, of course, is ongoing. We continue to open dialogue with Sims for debt repositioning. Obviously at this point, we can’t do that because we are operating in the negative but if we can, once we can show that we are able to operate and change that direction, we know we have some opportunities with HJ Sims and through them in repositioning some debt. We have open dialogue with new sponsor opportunities as well, that’s been ongoing since March of 2018. And we will continue to move in that direction and keep those doors open following up.

So, going forward, so that last page was what we have completed thus far. Going forward, our new marketing company are in the process of preparing a marketing plan. And these are some of the things that they are doing. We are targeting, we are embarking on a very aggressive 90 day marketing plan specifically targeting the folks appropriate for the 2 bedroom and I like their approach.

Mark Hennessey: Clarify the two bedroom are your larger units?

Debra Zambito: Those are our larger units yes. Two bedroom and actually so it's a two bedroom plus a den, they're really, really, really nice units and we're hoping with the approval of the proposed new pricing that that is certainly going to be important to our ability to get those units filled coupled with the new marketing efforts and the aggressive plan. Clearly, our market study shows that we do have a target market for these units at the price points that we are proposing. So that's a very important piece to keep in mind which based on the old pricing or the now existing pricing, we really don't have a target market. So we needed to make, we need to get to these proposed new contract offerings with the new pricing.

They are identifying the Glen Arden customer profile, getting an understanding of the buyer's needs, conducting inventory and prospect analysis, aligning those with the target market, detailing marketing events. So this is all part of this aggressive 90 day effort. Coordinate with the direct mail and digital advertising vendors. As I said, we've already had our kick off meetings with the new marketing person, new marketing vendor and then it becomes an aggressive 90 day plan and then growing it forward. We do need to close on Brandywine the financial condition is we are challenged. We want to make sure that we are meeting all of our obligations and so it is important that we close on the Brandywine sales transaction in the near term. I've slated it on the outside date of July unless Eric can give us any better update. It's apparently just sitting waiting to be signed off on in the courts, Westchester County.

AV Powell does need to take the new pricing and put it into a formalized updated actuarial report. I believe that is going to be required if I am seeking approval on new pricing, that new report is going to have to, needs to be part of it. And also the report will tell us where we stand in terms of becoming compliant with Article 46 in terms of the actuarial requirements.

We are also proposing adjusting the Enriched Housing and Healthcare private pay rates to align with our competition. That was as a result of the market study. So I anticipate changing those rates effective for July 1. Our intention, the Board intention is for changing the controlling entity of the Lifestyles property to Glen Arden. Currently the controlling entity is Elant Inc. and I guess as a commitment or further commitment that any monies associated with the Lifestyles property the Board desires to have that 100% devoted to Glen Arden.

Some of our operational initiatives – I think this is pretty consistent with some of the best practices that the CCRCs in the state use. We're converting to a dining point system. We are going to be, of course with that having nutritional and caloric value information on the new menus. We're converting our café and dining menu. These are just small changes but trying to keep up with things that will appeal to our prospects. Some of these changes although very small are very significant to our legacy group of residents for whom we still have a substantial amount and you know its tough for them to see any changes but we continually try and express and explain that change is necessary and its important if we want to continue to be attractive to the new prospects and certainly maybe a little bit younger, right now our average age of entry is 84 and we want to be able to take that down a little bit. If we can move that for every year we take it down we actually increase our lead and primary market area substantially. So that's something that we have to do. We have to work towards doing that and achieving that. I've really reached out to leading age and they've helped tremendously in getting aligned with some value first

purchasing so that's been very helpful for us. New purchasing partners for food and nursing supplies. Being able to take advantage of some discounts so we're moving towards that. It's a little bit of a transition obviously so I expect to be fully transitioned by August on that. This other point utilize the vacant cottage house it was the old building on the northwest side of the Glen Arden property that used to be the old accounting offices and it's sprinkler, it would be a great space and also very easy to retrofit for a memory care day program, private pay only to help the existing resident population that have some struggles in that area and certainly have needs and we'd like to be able to service those needs so we think that that would be a great thing to offer for them. Provide parking accommodations for Legoland. So Legoland has 11,000 workers that will be there 7 days a week beginning August 1st through their opening in 2020 and they are seeking places for these folks to park and they're going to have a bus that will be picking them up and transporting them into the Legoland property. I'm sure everyone is aware that the Legoland property abuts the south side of Glen Arden's property. It's right over the hill if you look out the back of Glen Arden. We're very excited about having Legoland there. So far it's been great for our residents. They're really enjoying that partnership and we think that that is also going to just get better. So they need parking spaces and guess what, I have a lifestyles property grassy area that's just sitting there. So we just this past week hired one of those big I think they call them brush hogs and we mowed it down and created some areas for them to park. So we're going to be able to give them 190 spaces to park at a fee. I'm meeting with their folks on Friday to negotiate pricing. Every little bit helps.

We are creating an inner disciplinary approach for our new residents. And what I mean by that, this is really specifically geared towards the ILU. So when a resident has made the decision to engage in one of our contract offerings and units, move in. So once they've made their deposit our Director of Dining and our Wellness our Activities Director they will be meeting with the prospect and future resident at that point and they will actually set up times where we can almost customize a wellness program and a dining program that's going to help them better make the change and the transition into a community like ours. Our biggest asset, our best asset is our life care and wellness. So that's the message, that's what we need to bankroll that amenity, that's what we need to do in order to really market ourselves. We have an outstanding activities person and calendar and we also have a really great dining program. And so we're trying to utilize those abilities and efforts to create this what I call inner disciplinary approach. So I think its going to be good.

We partner with local educational facilities to enhance employee recruitment, that's an ongoing effort. We get on the phone with the BOCES, we are there, and we have them actually visiting our community every day on a volunteer basis. We're very close proximity to them. Also we work with the local Department of Labor office and unemployment office, so they've been great to us and we get involved in some career fairs. We are, I think, a little bit more fortunate than maybe some of the other CCRCs in New York in that we really don't struggle with employee recruitment as some of the others do. We don't have a lot of turnover. When our employees get there, we hang onto them. They really like working at Glen Arden and so we are fortunate. What we are challenged with I would say, if anything, is maintaining a per-diem pool to cover things like vacations and some call outs or sick time, especially so with longevity they build up

vacation time, substantial vacation time so the challenge becomes having a per-diem pool that can actually cover that time.

Next slide – going forward we need to prepare the documents as required to get the approval on proposed contract options. I would like to begin working on that as soon as possible. That is my goal to have those done and in for approval by July 7th. If we can get the approval in a timely manner, our intent would be to implement the new contracts and the pricing effective August 1st. We have all of the making and ingredients that we need to set a goal of 5 sales per month beginning in August. So that's the intent. That is our plan A is you know what the market study shows we have a market, the marketing, new company has a new approach specifically and we will be getting a formalized plan. I am happy to share it with you. Happy to share the market study with the Council. So we have all the ingredients at this point to really make a go with this new pricing and to fill those units the large units, the largest amount of inventory that we have. So that's our plan A. We obviously seek to get approval of our strategic plan, hoping by June 30th from the governing agencies, engage a vendor to perform the monitoring service as per the requirement of the stipend order. What we would like to do is certainly we are going to be evaluating our movement and our ability to move the needle. I saw here we have to do this immediately. We have to stick to these deadlines. We intend to stick to these deadlines. We need to evaluate the success. I don't expect that come August 1, I'm going to have 5 new sales on the books but I need to see that it's moving in that direction which means we need to see that we have the ability under this new pricing, marketing, market study that we are moving the needle beyond the 1 to 2 sales per months. So we have July, August, September to measure that to see if we're moving in that direction and October 1 I think we need a formal evaluation or assessment as to whether it's moving in the right direction or not. We are hoping that it will move in the right direction and if not, I think we need to at that point, plan B would be to discuss not offering a life care option because at that point we need to evaluate our ability to meet our obligations at that point. And certainly, and as much as it is a concern of the Council's it's obviously a concern of ours as well and we take that seriously. And we want the opportunity to make sure that we can do that with our plan A. We intend to collect accounts receivable or portion of. We do have an outstanding accounts receivable with the purchasers of the nursing home transaction and we need to get to some agreement that we can collect if not all some portion of that accounts receivable. It's about \$3 million. We will be, as soon as the Brandywine transaction takes place our intent is to request a suspension of the Corporate Integrity Agreement that would give us in excess of \$100,000 breathing room annually that right now running out the door pretty regularly to keep that maintain our obligations and requirements.

So, one thing that's not on here and I'll just touch upon are the resources that we have available for Glen Arden. Certainly the Brandywine transaction that has been in the current cash flow reports, the balance of the Fishkill parcel transaction, the outstanding accounts receivable, and of course, the life styles resources from the proceeds of the sale of Life Styles. That is my update.

Mark Hennessey: So Council members if you have questions, let's just use our normal process which is just indicate, raise your hand or do something. I see Councilmember Kaplan's first shot there and we'll just get through everybody's questions okay. Councilmember Kaplan please.

Councilmember Kaplan: First, I'd like to applaud you. I know you guys are in a really tough spot and the fact that you're sticking with it and trying to move forward so I give you a lot of credit for that knowing what a tough spot you're in. I got a few just simple like housecleaning questions really for my own benefit. The nursing home sold, why didn't you get the cash at closing? How did they get the deed to the land, the building if they didn't pay you cash?

Eric Bach: The sale of the nursing homes that were previously operated by subordinate affiliates of Elant were connected to various transactions. The real property sold separate from operations for each deal and there's a closing on the parent entities for the pension plan so each step goes step by step by step by step. At the closing of the parent transaction there is a litany of outstanding costs either way. Currently there is an outstanding AR that we claim against the purchasers that the purchasers owed. The purchasers have responded, they made an offer but we're not at the point of resolving that. It's not as though you close a transaction with an outstanding amount its part of a larger series of transactions that's covered by an umbrella.

Councilmember Kaplan: The Cottage for Memory Care you said the sprinkler and all that, day care for memory is that your residence Glen Arden residence or people outside the community?

Debra Zambito: No right it would just be Glen Arden residents right now.

Councilmember Kaplan: So there's no cash going to be generated from that.

Debra Zambito: It would be private pay. Yeah there would be it would be an ancillary service that they'd have to pay for. It would just be a day care program devoted to activities adequate for those struggling with memory care.

Councilmember Kaplan: You said that, in one of these slides, it says dialogue with new sponsor opportunities. Does that mean selling the whole kit and caboodle?

Debra Zambito: We've had parties that have approached us, different systems, larger systems and so we've entered into nondisclosure agreements with them and we've shared information and we want to continue to do that. The desire is to do what is best for the residents and preserve their home.

Councilmember Kaplan: You said that some residents are moving to permanent placement at a higher level of care. Is that your skilled nursing facility or off campus, somebody else?

Debra Zambito: No, that's ours. So under our facility we have the Enriched Housing unit which is 28 beds as well as a 40 bed skilled nursing facility.

Councilmember Kaplan: Why is that decreasing the census? It's still within the Glen Arden community.

Debra Zambito: Well, when they're permanently placed, we're just yes they are still within the Glen Arden community. But when we talk about ILU occupancy. So the revenue stream

changes the ILU occupancy. So they've given up their Independent Living Unit to move to another level of care.

Councilmember Kaplan: The Life Styles land, what if you don't want to park there?

Debra Zambito: Pardon me?

Councilmember Kaplan: What if you do not let them park there? Right now you're going to charge them a fee to park 190 some odd cars which is probably a nominal fee nothing humongous or is it?

Debra Zambito: It could be, it's not a lot no but...

Councilmember Kaplan: Okay so here's where I'm going with the question. If you don't let them park there, they may not have too many options of where their employees can park that may encourage them to buy the property from you the \$9 million, \$10 million, \$8 million whatever the price is as opposed to you letting them park there for a nominal fee, there's no reason for them to buy it. Then who else is going to buy it. So what if you shut the door and don't let them park there. Say, "You want it, you want to park your cars there, buy it don't rent it buy it." Just an idea. Okay I'll open up the floor now I don't want to occupy...

Mark Hennessey: Councilmember Nealon.

Councilmember Nealon: Sort of a big picture question, most of the Council members haven't seen you in 13 months, so you must have had a vision 13 months ago of where you'd be by roughly today. And I would agree with Councilmember Kaplan, I applaud you for your commitment to this. How would you grade the progress that's occurred over the last 13 months vs. where you thought you might be at this point?

Debra Zambito: We should have, not enough. No enough. We should have had a market study done sooner. I should have changed pricing sooner. Those were key things that should have happened in 2018, early 2018 probably Q1 2018 even before the Council meeting.

Councilmember Nealon: And now with collapsing one administrative position and you taking on a larger administrative role, what assurance can the Council have that your objectives are going to be adequately addressed over the next period of time?

Debra Zambito: I don't know that they cannot be. This has to happen. We have, I think, at this point the right ingredients. The market study was key. The change in pricing was key. We had pricing here with a complete disconnect with what our target market could bear. So our primary market area was like here and our pricing here. So I don't care how much you market, I could have spent a million dollars on marketing, I wasn't going to sell those units at that price. So, again, kicking myself a little that I didn't get the market study done. We had a proposal actually at the end of 2017 for a full market analysis, not marketing, a market analysis to really hone in on defining who our target market is which is needed. You have to know your price point and so

like I say, I believe we have the ingredients. I want to go faster than we can move. But I have to, we have to get the approvals. I have to get the actuarial report done. Things have to happen in the sequences of events to make sure we are entering into this phase very responsibly and with the probability that its going to succeed. We're not spending a lot of money but I do believe we have the right players in place now. The messaging that this new marketing firm is suggesting, it's a different approach. It's a fresh new approach. The person that is handling our marketing actually has her undergraduate degree in gerontology and so there's actual data about the behaviors of this group of the population that support the route that we're taking. And you can't get any better than that. There's hard-core data.

Councilmember Nealon: Was the Executive Director position full-time?

Debra Zambito: Yes.

Councilmember Nealon: You're still going to get everything that you just spoke about done and some how deal with getting the Executive Director's work done.

Eric Bach: You're second question, I just want to set the table a little bit then we'll return to your first question. Your second question should acknowledge that we've sold 4 Article 28 facilities that she was previously responsible for meeting the vast majority of the obligations that were previously discharged by the Executive are no longer there, meaning she can dedicate her time to Glen Arden, I'm assuming that's the question.

Your first question invites, I think a hindsight sort of 20/20. I think the valuable question when you talk about a 13 month look back in assessing it there were answers honest and hey there are other things that could have happened but what you may not get the flavor of is the day to day problem solving, the day to day moving things forward on the laboring or solving a number of issues that we anticipated and encountering some that weren't resolving in moving forward. So again, just as you consider those answers I think it's important to put them in context.

Councilmember Nealon: I appreciate that very much.

Debra Zambito: I thought you knew that we had sold off those.

Councilmember Nealon: I did know that but I didn't know the scope of the Executive Director's responsibilities so thank you. That's it for me.

Mark Hennessey: Councilmember Stubblebine.

Councilmember Stubblebine: I echo the other Councilmember's comments about the efforts that you've put forward on this. I have a follow up question to Councilmember Kaplan's question about the cottage. I know that there were private pay respite care would be really valuable to community members so I would encourage, and I don't know whether this is an option to be able to open that up outside of residents of Glen Arden? Because this is something that is important for the community and particularly incredibly important for caregivers and I'm also curious

about the market study and the marketing approach. I would be interested in hearing more about what the target market is for these two bedrooms. Because I can envision home share type situations. I can envision a caregiver with a parent or another loved one being interested in those types of two bedroom and a den kind of apartment situations. So I would be interested in hearing more about that and if you could share the marketing study with us as well as the marketing approach, I would be interested in hearing about it.

Debra Zambito: So I don't have a full marketing plan yet, she's working on that as we speak, that will come in by July probably in the next 2 weeks, we're working on it, or she is working on it. And then I'm happy the market study just really was market penetration areas that shows a certain level of income, age and qualified people and primary market area. That pretty much, it was a confirmation of the price point where we needed to be. The other thing that we did is we broke out the fee for service approach so we have the proposed rates have a fee for service, a base rate entrance fees and a life care fee separate and apart, each one of them and the options would be declining 50% and 75%. So I think that's going to help us also. There is a different way of selling a life care option and its based on fee for service. So it's a combination of many things but I'm happy to share the marketing report once its done, absolutely. It really has more to do with buyer behavior and sometimes, for instance, Northern Rockland County is not in our primary market area however we need to make it in. It needs to become our primary market area and there's a way to reach that market. We just have not thus far done a great job of doing that. So we need to widen that net and we have places where we can do that and so the new marketing approach is, so how do we understand what is going to get those people to say, "You know what, I'm going to move out of my home" because that's your biggest competition. We don't have another CCRC in our area at least down that way that's competition. So those are the types of things we're looking at.

Councilmember Stubblebine: Because I can see it being something of interest maybe to people who maybe they've for example two women maybe they've lost their spouses, they're both in their homes and they don't want to deal with all the maintenance and upkeep. But they're friends, they would like to be able to live together and share a unit and then have that social engagement with each other as well as with the rest of the community. So just things like that from a marketing standpoint I would think that that might be, the people would be interested in that.

Debra Zambito: It is. We have to figure out the right way though from a contract perspective to do that and I don't know that we are there yet with the contract people.

Mark Hennessey: Other Council members?

Councilmember Davis: I personally would like to thank Mr. McGorry for stepping into this stop as a not for profit provider its hard to get good board members, particularly in this situation so thank you for doing that Mr. McGorry. Just to your point Brian, there are pricing changes that you're recommending but its still subject to the actuarial study because if you lower your prices too much you can't meet your future obligations so it's not necessarily a sure fire thing subject to this AV Powell thing that you'll be doing just to clarify that. And then you mentioned just plan

B was to go to fee for service. I just heard you say fee for service now where is fee for service going to fit into this?

Debra Zambito: Well I think so we would really cease offering any life care options.

Councilmember Davis: As plan B cause I thought I heard you just say now you were going to do fee...

Debra Zambito: No, the pricing is such that you can take a fee for service and then add on the life care piece. If we can't succeed with that it would be not prudent and responsible for us to continue to sell a life care contract or a contract that has that life care component.

Councilmember Davis: Your current plan is to sell type A contracts. If that doesn't work, you're going to go fee for service as plan B? Okay. When you did the marketing study was there any indication that the market would respond to fee for service?

Debra Zambito: It has, I think so it has price points that are aligned with the market with penetration rates. So we have, I think the current structure or the proposed structure is going to give people options, that's what its going to do. So you're going to have people that want a fee for service, they don't care about the life care piece. But you know what life care is not getting any cheaper so that's kind of the approach that we are using and that's actually our best amenity. So there's a challenge when you go to a fee for service and that challenge is it becomes more like a hotel or a hospitality kind of thing.

Councilmember Davis: I understand the difference. You're in kind of dire straights here so I'm just wondering if that's an option that you think will work, why aren't you looking at it now as opposed to waiting for October as plan B if A...

Debra Zambito: If I just cease now to offering any life care?

Councilmember Davis: No, do both. Just expand that.

Debra Zambito: I am.

Councilmember Davis: So you are doing fee for service now is that part of the actuarial study?"?

Debra Zambito: Yes, I'm sorry so the I have the...

Councilmember Davis: The confusion continues to be is the fee for service your plan B that you talked about doing in October or is it part of the actuarial assumption you're going to be making now?

Debra Zambito: So right now we can offer a fee for service, there would be a base fee option under each category declining 50%, 75% refundable. You would have a base fee and a life care

fee broken out. Someone could effectively just purse the base fee and not, they say I don't want the life care fee, I'm not willing to pay for that.

Councilmember Davis: Tell me what's a base fee I don't understand that term.

Debra Zambito: So the total entrance fee is broken out into a base fee and a life care fee.

Mike Heeran: The base fee is the fee for service. If I take the base fee from you and don't get the life care I'm getting a type C service.

Debra Zambito: That's correct.

Councilmember Davis: You're doing that now.

Debra Zambito: I'm doing that now with every option with each.

Councilmember Davis: So there is no plan B you're doing plan B now.

Debra Zambito: Plan B the life care doesn't even become an option.

Councilmember Davis: What would be the advantage of taking it, you might as well keep it. It's still a potential thing you could sell. What would be the advantage of taking the life care away?

Debra Zambito: You create a future service obligation, a liability.

Councilmember Davis: I understand that unless you're selling no type A contracts I mean to me that you should continue to do. I guess you can sell other...

Debra Zambito: I believe that too because I really do believe that our life care is like I had said is our biggest amenity. That's what we sell.

Councilmember Davis: I understand what you're going to be doing is plan A and I think that's what you should be doing is offering as many options as you can. So just a few other points for clarification. The firm who did the market study is that the same firm that's doing your marketing?

Debra Zambito: No.

Councilmember Davis: Who did the market study?

Debra Zambito: Murdock Company. This is the Murdock M U R D O C K.

Councilmember Davis: As long as I was hoping you would say they were two separate companies.

Debra Zambito: The company that is doing the marketing is Brand Medal. And actually they were there at the CCRC summit.

Councilmember Davis: And to Mr. Kaplan's point, are there any real serious sponsorship change opportunities or are those just kind of discussions with people?

Debra Zambito: I think at this point because of our situation I think it would be tough for any larger system to come in and say, "Yeah we're going to take on that \$17 million liability and no problem and we're going to put another \$10 million into giving you a face lift." So that's a tough question to answer. You know our goal regardless of the interest in terms of the sponsorship changing the sponsor, the goal clearly is to achieve financial stability for the benefit of our residents here.

Councilmember Davis: Just a couple more questions. When you say adjust the EHU and HCC I assume that's upward when you adjust the prices?

Debra Zambito: No, actually its downward. It's downward we're not competitive at all. I have only 17 of 28 beds filled in the EHU because of the pricing. So it's not even aligned with our ILU pricing. So there's really, and it should be somewhat aligned.

Councilmember Davis: Well that could be a real opportunity. Are you marketing that now?

Debra Zambito: You know what I need to be at, I really need to have maybe 22 I need to be in that 22 range at least not including people coming over from the ILU into another level of care. And that would be the fill.

Councilmember Davis: Have you started well at some point you'll start marketing those units separately from the community at large?

Debra Zambito: Yes. That will happen July 1.

Councilmember Davis: That's a real opportunity for you, that's good and just on the cottage I assume you're going to need funds to retrofit it. Do you have the money to do that?

Debra Zambito: It requires minimal retrofit it really does. I mean it's sprinklered, it's clearly up to code, it's got, we can go with using what you have. It has a full kitchen in there. We can create with very minimal investment we can shape it up so that's it's a safe and comfortable area for that purpose.

Councilmember Davis: And my last point is just from experience with the parking situation, just make sure you don't have a zoning problem with letting somebody park on that existing space. My experience that would be a problem with the town.

Mark Hennessey: Councilmember...

Debra Zambito: No, actually that's a really good point.

Mark Hennessey: Councilmember Nealon.

Councilmember Nealon: Just to follow up on one of Jim's questions, on the I appreciate hearing that there's not a lot of retrofit that needs to go into the building where you might be doing memory care day services. But, what do you see as potential occupancy in the building and the charge per day roughly. Where the memory care AL.

Debra Zambito: I don't know I couldn't even answer that. I'd have to look at the cost structure. I do a build up from what I think my real cost is going to be to run the program and then obviously build in a profit margin or return and then see how that looks like compared to what's out there in the market in terms of substitute product option that people would say, "Ah well, why should I go there for that when I could go here for this?" So, I think that's the way to look at it realistically and price it.

Councilmember Nealon: Thank you.

Mark Hennessey: Councilmember Kaplan.

Councilmember Kaplan: Just coming back to the parking lot, the sooner you do let them park there, I know you're considering that but you're going to have to have insurance. If you're going to have 195 cars parking there, people are going to trip and fall and get run over by cars and you have a whole insurance liability there. Same thing with the cottage, its' unoccupied now, you're going to bring in day care memory care, you may have an insurance issue – just for what it's worth.

If the Brandywine sale does not close, your operating cash is going to run out by July 4th which is in 2 weeks. And if Brandywine does close, your operating cash is going to run out in September. Then what?

Eric Bach: It's not an entirely accurate depiction that if it doesn't close if there are delays there will be no cash. What it means is reassessing other options; for example settling with purchases for outstanding AR amounts could be done today but not at the optimal amount right? So it's possible to sort of sell things in fire sale and bring in cash but we're sort of in a position where we are comfortable that Brandywine will oversee the approval and if not, we will pursue alternative options. The cash will come in, we'll go through closing and then we'll proceed. But as we've discussed, I believe with the Council and certainly with certain members of DOH and DFS, what the life styles parcel is a great example where you may have an offer at \$6 million or \$7 million which is significantly substantial but you have folks who say, "Well if it were to be rezoned or if Legoland construction actually commences then we're looking at something like \$9 million" so again part of it is waiting and responding to changes.

Councilmember Kaplan: I'm going off what DFS said and correct me if I'm saying anything wrong here, that your operating cash is going to run out in September assuming Brandywine

does close and July 4th if it doesn't and you're saying, "Well we might be able to sell Life Styles in a fire sale but you might not." I'm going worse case scenario. What happens if you don't sell Life Styles and you run out of cash, what happens? What happens to the community? What happens to the residents. Forget the front page of the New York Times but what happens?

Eric Bach: You're hypothesizing that we're unable to secure additional funds, unable to borrow, unable to liquidate assets and you're asking us to respond to a scenario in which there is no infusion of cash. If there's no infusion of cash and operations continues, so costs increase, no cash comes in, presumably you're looking at closure. However, again for the benefit of those in the room and everyone else, I'm not sure that that's an entirely realistic scenario to hypothesize that no cash will come in. Again, we had an offer to settle the outstanding AR at \$950,000. It's not in our best interest at this time to accept that. Could we accept that? Yes. Your hypothesized situation would suggest, well what if that doesn't happen? I certainly understand that but again there are a number of opportunities and it seems unrealistic to say what if none of them come to fruition.

Councilmember Kaplan: I'm not trying to be advisarial. Don't get me wrong.

Mark Hennessey: Could we hold on one second? I just want to make sure we stay limited to questions that are related to the materials that they presented or statements they made during their presentation. I just want to caution members of that please. Any other Council members with questions? I just want to go back for a second. I haven't asked any questions and just a couple of things I want to talk through here. So, Mr. Heeran is it possible that you could just sort of recap what the conditions were that we placed during our May meeting please.

Mr. Heeran: Okay the conditions that the Council's set on May 15th to be satisfied were to fully fund the operating reserve fund over a period of time agreed to by DOH and DFS in an escrowed account with a third party financial institution licensed in New York State. This requirement was estimated at approximately \$3.6 million at the end of February 2018. We believe that's more likely around \$4 million right now. DOH and DFS approval would be required to access the escrowed funds.

The second condition was the development of a strategic plan, a corrective action plan within 60 days approved by DOH and DFS to reduce and eventually eliminate the operational cash deficits at Glen Arden, and the plan much include a timeline with deliverables to be met and milestones to be achieved . a retention of an independent qualified organization within 60 days approved by DOH and DFS to monitor Glen Arden's progress and performance against the strategic plan or corrective action plan. Regular reports must be provided to DOH, DFS and the CCRC Council on progress being made and necessary adjustments to the plan. Should substantial progress not occur, and there was an additional condition put on by the Council to provide full disclosure of the certified financial statements and the notes of financial statements and management letter. And to do that on a regular basis going forward.

Mark Hennessey: My question is really and I want to ask Ms. Zambito as well as Mr. McGorry is that correct? How do you see yourselves in terms of the, are you guys not hearing me?

How do you feel that you are doing in terms of your progress towards meeting those goals or do you think that you met those goals within the timeframes that were set?

Debra Zambito: No. We did not produce a strategic plan within 60 days. We did not secure a monitor within 60 days and we I think the settlement agreement that was finally signed off was February 1st of 2019? The stipulation and order...

Mark Hennessey: That's correct around that date give or take a day.

Debra Zambito: It was February 1st I think.

Eric Bach: As an aside I think it's important to acknowledge that the stip and order contemplates that some of the objectives are in fact aspirational in nature was a provision within the stip and order that provides that should good faith efforts be expended, it's within the discretion of the Council to deem compliance with some of the obligations. So I think what you're hearing or going to hear is efforts expended and then again unanticipated circumstances arising but not as though A or not A I don't think it's a binary situation.

Mark Hennessey: So you would deem on your own expertise that its more fluid than that is that what you're trying to say?

Eric Bach: Yeah, having negotiated the contract with Council for DOH I would say that the initial stipend order that was proposed was not acceptable to us because there was no flexibility. We negotiated a specific provision within the stipend order that provides certain flexibility. It's subject to interpretation as to how much flexibility? But if you take the strategic plan for example, you could say well there was a date of April 1, well it submitted in the I can't remember the exact language but subject to the approval of DOH. So has it been approved by DOH? No. So is that technically satisfied? Well if you read the single provision in isolation you would say no but was it submitted timely? Yes. Was it submitted in good faith? Yes. Is it a growing living document that's modified based on biweekly phone calls? Yes. So again just setting the table when you ask a question in terms of whether or not certain conditions have been satisfied, I think its important to acknowledge good faith efforts to comply and the ability of the Council and the agencies to deem compliance.

Mark Hennessey: I appreciate you telling us your viewpoint on that. I appreciate that. Okay so going back to Ms. Zambito and the Chair of the Board, how do you view your progress toward meeting your obligations under both the actions taken by the Board as well as the agreement that you willingly entered into?

Tom McGorry: I'm looking at my position here from June 1st of this year going forward. There was a lot of issues that occurred that probably could have been handled better. So to me the focus is getting the organization stabilized, getting it to the point where it may become more attractive to an acquirer and maintaining the integrity to the plan so that they can maintain their investments. Part of the initiative to do that is to get the Life Styles property sold and get all of

those monies flowing into Glen Arden. The second thing is to take care of the monies owed to us by the purchaser of the nursing homes. I mean this has gone on for a long time and its gone on too long. It's a new day and time. We're going to have a sit down with that gentleman in the next 30 days and hammer something out. There's statements that could be said, there's pressures that can be applied but I'm not going to discuss them here. the marketing plan that Debra submitted, I support it the Board supports it. The Board also supports putting all the monies back into Glen Arden from Life Styles which I think is critical because a year ago that wasn't the intent. The intent was maybe 50% would go into Glen Arden. I already polled the Board, I have everybody on board, it's all going back to Glen Arden. So, to divest a little bit, we are bleeding money obviously and we've been bleeding money for a long time. So with the CIA agreement we're paying \$100,000 a year for that, with the potential monitor requirement for the implementation of this plan we could be bleeding another \$110,000 for that. I would make the plea today that we should not be required to maintain this monitoring agreement because of the plan that we've implemented. And if we're talking to you folks every 2 weeks giving you updates on where we are, we'd like to get some relief on the monitoring plan. It's \$110,000 that frankly we don't really have. So but I'm looking at where we are today, where we went to get to.

Mark Hennessey: And the Board is directly involved, as I understand and I'm just trying to make sure I understand what you said. You said that the Board is directly involved in the negotiation process on the accounts receivable and other matters related to the financial standing of the organization is that accurate?

Tom McGorry: Yes and they will certainly be going forward. I mean our Board has shrunk a lot in the last 2 years. I think at one time there were 16, 18 people, 17. We're down to 7 okay. now I wouldn't ask anybody else to come on this Board. I mean why would, I'm not going to find anybody to come on the Board at this time and I don't think it would be fair to ask them to come on the Board. But we have a good core group now. I mean we have a senior partner in the largest county firm north of New York City. We have an ex-assembly woman that's on our board. We have myself, I've been in commercial banking, lending money for 40 years, done a lot of workouts. To me this is a workout and it requires different kinds of negotiating skills than have been utilized in the past to get us to the end zone. No plan is any good unless you have execution and I think going forward we have a plan we're going to execute and we're going to hold everybody accountable for that execution. Does that mean it will be successful? Stuff happens, things happen in the market place. There's some things you can't control. We can try to sell these apartments like Debra has stated, it may not happen. But we do have a fall back position but we're a voluntary Board. I think the 7 of us that are remaining are very focused. I don't think any of them are going to walk out the door which is important. They're committed and that's where we are. There's only a limited amount, to your point we're going to run out of money July 4th, that's a scary thought you know. I've been a banker for 40 years lending money to companies for 40 years. If my borrower told me, I don't have any cash flow as of Tuesday and you owe me \$10 million it's a problem. So we're aware. We can cut a deal maybe with Arie maybe not but we'll see. We have to have some conversations.

Mark Hennessey: Alright those are the questions that I had. I would ask I personally would like to take about a 2 minute break if that's possible at this point so people can do the things they need to do and excuse these individuals from further discussion at this point. We ask, maybe if you want to stick around for a minute, it wouldn't be the worst thing. But if we could take like a 5-minute recess right now I'd appreciate that. So do I need to take a motion to take a recess. So we're just going to stand in recess for about 5 minutes.

I just want to say, I want to tell you that I do appreciate a lot of the candor with which you spoke to us today and we know that you are trying to struggle through a very tough situation. We understand and we embrace that. There were actions that the Council took to put conditions on what you needed to do to comply with our requirements. I am just going to restate that those are still important. It's still important that you comply with those things. I know that you are putting together plans and I want to tell you specifically, the Chairman, Mr. McGorry, I deeply appreciate the challenge that's in front of you and in front of your Board and Deb Zambito same thing. I get it, I really do get that you're trying to struggle through this and I think we understand that. We need to see some results. We have to hold you accountable in the same way that we would anybody who comes before this Council. So we would appreciate you showing some aggressive efforts to comply with the requirements that we've put in place. And we will continue tracking your progress and there may come an opportunity in a short period of time to have to sit down and have a discussion similar to this one. We'd rather not to tell you the truth. We'd rather that you accomplish your goals and start moving forward in a way that's helpful for you and the organization that you work for and that you represent. So we appreciate your time. We thank you for coming and appearing before us here today and we'll move on with our agenda at this point if that's what everybody wants to do. Alright, thank you for your time today.

So, the next item on the agenda is the proposed amendments to Regulation 140. Council members have been provided with a summary of the proposed changes to DFS financial regulations for CCRCs. The proposed changes have been posted to the state register for public comment and are being presented to the CCRC Council for informational purposes. A representative from the Department of Financial Services is with us here today to briefly discuss the proposed changes. Would the DFS representative please come forward. Remember to state your name and where you work for, although I think we know that already right, we know where you work.

Martin Wojcik: Good afternoon to members of the Council, my name is Martin Wojcik and I'm an associate attorney at DFS and the Health Bureau. So today I wanted to just provide a brief and high level overview of the second amendment to regulation 140 and where it's currently at in the regulatory process. The proposed second amendment was published in the State Register on May 22, 2019. This proposal broadens the range in amount of permitted investments for CCRCs. The proposal also adds a requirement that CCRCs be in operation for at least 60 months and that the occupancy rate of the independent living units in the CCRC has exceeded 90% for 6 consecutive months prior to making certain types of riskier investments. This proposal also clarifies the oversight of numerous financial transactions between CCRCs and their affiliated entities and adds an annual financial reporting requirement related to the transfer or sale of capital assets. These revisions were remodeled after the requirements found currently in

insurance law Article 15 which is only applicable to insurers. Lastly, the last large change that this regulation sought to make was that it added the new type of optional contract which is the Continuing Care at Home contract and it adds an annual exhibit regarding population flow projections in actuarial studies for CCRCs. This proposal is currently in the public comment period which is set to expire on July 22, 2019. Now there's two separate paths that this regulation will take going forward after the public comment period expires. If the department receives public comments on the regulation, we then must complete an assessment of public comment. If this assessment includes the fact that substantial changes will need to be made to the proposal, then the substantial changes will be made and then it must be again published in the State Register for an additional public comment period. That additional period would be at least 30 days. If July 22nd comes and we have not received any public comments on this proposal, the Department will not need to complete an assessment and public comment and a notice of adoption would be published in the State Register. Now the regulation would become effective 30 days after that publication of the notice of adoption. So, those are kind of the broad, large changes that we sought to make using the second amendment to insurance Regulation 140 and that's kind of where it's at in the process right now. Like I said, it's in the public comment period that's open till July 22nd. I think all of you have been provided at least the summary of the regulation. The DFS website actually includes the full text of the regulation as well as all of the SAPA documents which are required documents that look at the impacts of the proposal and that's required by the State's Administrative Procedure Law. So all of that is included on the DFS website if you want to take a look at those documents for more information or read the full text of the proposal.

Mark Hennessey: Do any Council members have questions? I think that's a no. So thank you for your time.

Martin Wojcik: Thank you.

Mark Hennessey: Next item on the agenda is the Regulatory and Framework Improvement Committee update. Last year, we put in place this improvement committee. It held a series of meetings to discuss CCRC operating and the environment in New York State and 2015 legislation to authorize the CCRC Care at Home. Mr. Heeran could you update the Council on the committees activities.

Mr. Heeran: Sure, so we had three meetings total and in 2018 I believe the first meeting happened right before our Council meeting so Alicia updated you and again I'll update you because Alicia did a lot of good work and she was a great Chair of our committee but is no longer with us on the Council and the Committee. We did hear some good open discussion at the beginning about the environment in New York State and CCRCs. We heard a lot of talk about some needs for performing change and some key items. I think one we just heard from DFS about is the need to ease the Reg 140 requirements. We heard a lot in public and we're taking that to heart and looking at improvements that can be made even outside of the committee the Departments have taken a lot of that under advisement.

We did focus the last two meetings on Care at Home and this is a product that was authorized in the 2015 laws but has yet to become forward as a formal product in this state. The committee felt that there needed to be some more structure behind that. The next agenda item will be the fruits of that labor and presented to you on what that committee did in establishing a formal application form which is actually one of the duties of the Council is to have that form developed and a policy statement. And that policy statement was mostly driven by what we heard and presentations given on Care at Home by not only entities in this state but other people who have worked on it outside of the state. So I'll be talking about that in the next agenda item. And again, we met in the fall in two meetings. The committee has been suspended for a little bit because Alicia has resigned and we're taking that opportunity working with the Chair to discuss a good path going forward to build upon this committee and the work of the committee. I think DFS has just brought to light the need to look at our regulations. They were looking at their regulations on the DFS side for CCRCs. A lot of what they're saying I think needs to happen on the DOH side as well. We do have regulations in place for CCRCs on the DOH side and they have not been addressed in many years so I think maybe a more formal structure, a committee or some way to do that and take it in that reform aspect by starting by looking at the actual regulations is probably the best step to do as we need to go over those regulations to update and reflect what DFS has done. So that's kind of where we are and I will engage Mark. I've given him some draft recommendations and will talk to him over the summer and see how we're going to reformulate this and move forward with some needed changes.

Mark Hennessey: Are there any questions from Council members about the subcommittee and anything like that? If not, we'll move onto to the next agenda item. Go ahead.

Councilmember Davis: Not directly about the committee but there is a revitalization bill that the Senate just passed and the Assembly is looking at for CCRCs. Can you comment a little bit about that? It does have some implications for the Council.

Mr. Heeran: I think that was Mark correct me if I'm wrong, but I think that was some of the impetus behind having this reform committee established. We are supposed to look at the driving forces behind that and we continue to do that and we are aware of, you know working with the industry for a while, I'm aware of everything that's said and in other realms of what I hear from the CCRCs and their operations and some of the challenges they face and I think we need to address that as a group. I think it was a good start in what we did to do it in public forum with cameras rolling and had some really good feedback. I think we need to build on that and maybe grow that group a little bit. That was kind of an adHoc committee maybe some sort of again I'll speak with Mark about the best way to do that within the Council and get information to the Council but have that still open forum.

Mark Hennessey: And whatever form that in the future could take would be something that would be discussed at this meeting and we'd have everybody's input and potentially vote.

Councilmember Davis: Mr. Chairman, maybe its not the right forum but that revitalization bill that passed the senate and may very well pass the assembly has implications for this council and

its role is that something we can discuss. I don't know if the Council is aware of this bill which was just passed by the senate.

Mark Hennessey: Technically it's not an item on our agenda today. I would tend to think that the best time to discuss something of that nature is at the right time and I do understand the status that you stated just now and I've heard some talk about it. I think the best part here is to defer to those who are considering things like that and we'll have to address it when it becomes a thing. Any other statements on that? Any other discussion? Okay so we were as we sort of touched upon we had the CCRC application policy statement which Mr. Heeran is going to present. After the presentation we're going to take up separate discussions on both and decide on the appropriate action to take. So Mr. Heeran.

Mr. Heeran: So in the handout material and this has actually been out on the website for quite a while cause it was going to be presented at a committee meeting that was cancelled and we just decided to bring it to the full Council, it was time and we felt there had been enough input. We did do a lot of work in the committee on developing an application form in a format and also a draft policy. They are two separate things we would like considered separately by the Council. We do have an applicant. We do have an application submitted. We used this form because we had to come up with something for them to submit. So there is an application in-house using this form but we are open to suggestions and improvements on this form as well. And again, the other part was the draft policy statement that was a lot of work by the committee to come up with what we thought needed to be added and wasn't addressed within the law. There is no regulations on the books currently. That's why they mention we need to deal with Care at Home when we did the chapter amendment to the 2015 laws to include Care at Home we beefed them up substantially so it could be implemented and then anticipating regulations would shortly follow once a product was identified. So we're at that point now. We hope this...the intent is for this policy statement to be able to support a Care at Home product and address anything that was overlooked when the law was passed in 2015. So that's what you have before you. We have asked the Chair to consider for the Council to either consider making amendments to the suggestions and possible adoption of this either at this meeting or at some future time to make this official. That is required of the Council to make it official to adopt both the policy statement and the application form that's within the powers and duties under Public Health Law 4602.

Mark Hennessey: So as just a structural point of how I think we can move through this today. What I will do is we'll do basically two separate motions and then we can have discussions about each of those the policy statement and the application. And we can decide to move forward with that today or not depending on what people's position is.

Mr. Heeran: And I will add that just as a side note so you could understand, this has been shared in the committee with the potential applicant before they applied so they are aware of everything in this so this isn't a surprise to them. They were at the meetings when this was discussed by the committee. The application under consideration right now that we're reviewing most of the issues of that application, the major issues revolve around just coming up with contract language. It is the first contract of it's type so we're just working through that. So this would help adoption of this or any input on this would help towards that.

Mark Hennessey: Alright so a couple of things that Mr. Heeran just presented is the draft policy statement. so I would ask does anyone want to give us a motion to adopt the, wouldn't it be policy statement, no longer draft policy statement? So can I have a motion to adopt the policy statement as regarding CCRC Care at Home. So that's a first by Mr. Davis or Councilmember Davis. Do I have a second? Second by Councilmember Barnett. And now we can have a discussion. Alright so any comments, any information go for it.

Councilmember Davis: All I would say is that all of the issues or concerns that we had both here at the Council and the subcommittee have been all well incorporated into the policy. I am very pleased to see all of those things in here so I'm delighted.

Mr. Heeran: I tried.

Councilmember Davis: You tried and you were successful.

Mark Hennessey: Any other Council members? Alright so hearing no further discussion I'd like to bring the motion to a vote. All in favor say aye.

(Chorus of ayes) any opposed? Any abstentions? Okay. The motion is passed.

Mr. Heeran: We have one abstention and everybody else agreed, everybody else said aye, then it passes.

Mark Hennessey: Alright second motion I'd like to hear if anyone would be willing to give us a motion on approving the application for CCRC At Home. May I have a motion? Councilmember Kaplan. Second? Councilmember Nealon. Any discussion?

Councilmember Davis: Same comment about the application. All the issues that we had here and at the subcommittee have all been comprehensively included in the application so we appreciate that.

Mark Hennessey: Any other discussion? Alright I'd like to take the motion to a vote? All in favor of approving the application say aye.

(Chorus of ayes) any opposed? Any abstentions? And the motion passes. We're getting close to the end here folks. Before we move any further though and sort of deconvening for the day, there's a lot of work that goes into preparing these Council meetings and Mr. Heeran specifically I just want to call him out and thank him for the literal hours and hours he has spent putting together these materials, getting everything ready, having everybody in place. I'm joined here today by two of my colleagues who I kind of skipped over in introducing earlier today and I just want to take a moment and also thank Shelly Glock and Marthe Ngwashi who is acting as our Council today and all of these people have worked very, very hard to make sure that today's meeting could happen in the way that it should. So I just wanted to take a moment to thank you before we conclude our work for today. So that's it. That concludes our business for today. Can

I have a motion to adjourn? Councilmember Kaplan. Second Councilmember Nealon. All in favor of adjourning say aye.

(Chorus of ayes) any opposed? Any abstentions? Okay great. Next meeting of the Council is scheduled for October 3rd, 2019 at 875 Central Avenue in Albany, my home during the day. There is the possibility based on circumstances which I think we've had some discussions about today that we might need to reconvene sooner than that. If that happens, obviously we'll contact you all but we'll also post it on the DOH website so that people can be aware of thing that are going on. That notice or the notice for the October 3rd meeting will be posted on our DOH website which is www.health.ny.gov. Again, thank you so much everybody who worked on today's meeting. Thank you so much to the people that traveled from all sorts of different places, we really appreciate you taking time out of your day to be here and thank you for your time. Have a great rest of your day.