

**MINUTES OF THE
ASBURY ATLANTIC, INC.
MEETING OF THE BOARD OF DIRECTORS**

FOR PUBLIC POSTING

August 4, 2021

Asbury Atlantic, Inc. is a not-for-profit, tax-exempt corporation. Our charitable purpose is to create services for older adults that enhance the value of the entire span of life. The Asbury organization provides housing, healthcare, and other services to residents of its continuing care retirement communities, with a sense of financial security through our benevolent care program. Our charitable purpose and faith-based heritage guide our decisions and direction as we serve our residents and future generations of seniors. Asbury also reaches out to individuals and other organizations serving older adults in the communities in which its communities exist.

MEETING ATTENDEES

Board of Directors, attending		
Jeffrey Ernico, Chair	Barbara Harbison	Louis Grammes
Todd Andrews	Richard Findley	Efonda Sproles
Melissa Fors		
* <i>Attended as indicated</i>		
Board of Directors, absent		
Staff		
Kim Ehrenfried, VP & Controller	Terra Bennett, Notes	
	Henry Moehring, VP of Healthcare Srvs & Ops	
Melissa Fury, VP of TN Operations	Andrew Joseph, Counsel Brian Grundusky, ED Bethany Village	

Note: the meeting was held via teleconference and in-person due to COVID-19 pandemic.

ITEM: CALL TO ORDER

The meeting of the Board of Directors of Asbury Atlantic, Inc. (“Atlantic”) was called to order by the Chair at approximately 1:10 p.m. Mr. Moehring offered a prayer.

The Chair then referred to the agenda and consent resolution contained in the Board packet for the August 4, 2021 Asbury Atlantic, Inc. Board of Directors meeting (“Board Packet”) and asked for a motion to approve.

The following motion was made, duly seconded, and unanimously approved.

IT IS HEREBY RESOLVED that the following be, and they are hereby, adopted, ratified, and/or approved as applicable:

1. *Set Agenda. The agenda for the August 4, 2021 Board of Directors meeting as it appears in the Board Packet for the August 4, 2021 Board of Directors meeting.*
2. *Approval of Minutes. The minutes of the April 28, 2021 Meeting of the Board of Directors as it appears in the Board Packet, on Board Effect, for the August 4, 2021 Board of Directors Meeting (“Board Packet”).*

ITEM: OPENING REMARKS

The Chair noted that those who had the opportunity to view Bethany Village had a wonderful time and were able to get a great view of the campus infrastructure and operations. He thanked Mr. Grundusky for organizing the tour and meeting.

ITEM: SECOND QUARTER RESULTS

Finance

Referring to the report in the Board Packet, Ms. Ehrenfried presented the second quarter financial results, noting that the Operating Ratio (OR) is 103.8% on a budget of 96.6% due primarily to revenue shortfall. She highlighted the following:

- All CCRCs, to differing degrees, are experiencing occupancy and net revenue challenges relative to budget. This continues to be a key challenge across all markets but more acute for AMV due to its relative size and market competition.
- Health insurance expenses have increased significantly in 2021 with a material negative variance to budget due to larger than expected number of claims that have reached the \$200K stop loss.
- COVID19 testing costs decreased in Q2 but have recently increased again due to recent positive tests.
- Administrative costs are down due to restrictions on travel and educational conferences.
- An additional \$681K in COVID19 relief was received in the second quarter.
- Staffing continues to be a significant challenge across the system. COVID19 has spurred retirement of experienced workers, particularly RNs. Wage increases were implemented mid-year to ensure ability to recruit and retain critical positions. Aside from wage adjustments, different strategies and incentives are being tested to attract workers.

Quality

Mr. Andrews reported on the Medicare Compare 5-star ratings across the system, providing detail regarding changes in the ratings at specific CCRCs.

Operations

Mr. Moehring reported on key operational issues, including continuing mitigation efforts related to COVID19, including testing protocol, use of PPE and OSHA requirements to reduce all respiratory borne infections. Weekly calls are conducted to support and guide the CCRC infection prevention teams, and leadership is prepared to reinstate more frequent COVID19 coordination/response calls if necessary.

The Board expressed its appreciation for the focus and results of the mitigation efforts, particularly at Bethany Village which was able to avoid a significant COVID19 outbreak despite major infections at competitors in its market.

Vaccinations

Mr. Andrews expressed his appreciation for mitigation efforts and the decision to implement a mandatory COVID19 vaccination program. Significant efforts were made to work with individual associates who were concerned about the efficacy and safety of the COVID19 vaccination. While there was some pushback, only six associates resigned as a result of the mandate.

ITEM: 2021 STRATEGIC PLAN

Mr. Andrews presented the 2021 strategic plan, which is based on the three-pillar framework (provider of choice, employer of choice and financial strength). For each pillar, Mr. Andrews identified the specific goals and objectives for 2021 and provided an update on progress to date. As noted previously, occupancy is a key challenge for the organization. We are seeing progress with current occupancy in residential living at 88%. Bethany Village and Asbury Solomons are both in excess of 90%, while AMV continues to lag. The Directors asked questions and provided feedback regarding the strategic plan, goals, and progress.

Next, Mr. Andrews provided an update regarding our integrated services (home health, home care, therapy services and pharmacy) noting that revenue is increasing in all areas, indicated better usage of these services. The Albright Pharmacy Services are being expanded to other CCRCs in the Asbury system, including a retail pharmacy at AMV. Internal referrals at AMV for Asbury Home Health services have increased resulting in excess revenue over expenses for that service line. In response to a Director's questions regarding therapy services, Mr. Andrews agreed to provide more detail in the future, particularly with respect to physical (neuro) therapies.

ITEM: EDUCATION TOPIC

Mr. Andrews discussed the key focus area of “right-sizing” the health care centers (HCCs) as the COVID19 pandemic has exacerbated challenges in this service area, including staffing, reimbursement and regulatory oversight. A good example is the Wilson Health Care Center, which is oversized for the campus. If reduced in size, challenges such as staffing would be mitigated while still meeting the needs of campus residents. Additionally, Mr. Andrews discussed challenges facing Assisted Living/Personal Care and options under consideration to address them going forward.

ITEM: MASTER PLANNING UPDATES

After putting master planning on hold to focus on the pandemic, Mr. Andrews said that the process has restarted with an immediate focus on needs at Asbury Methodist Village including a renovation of the lobby in Kindley Assisted Living (scheduled for November 2021). Additionally, master planning will also be restarted at AS, BV, and Springhill.

ITEM: EXECUTIVE DIRECTOR DISCUSSION

Mr. Grundusky joined this Board meeting to engage in discussion regarding Bethany Village. He and the Board discussed a variety of topics and issues including competition and key challenges and differentiators for BV. He noted that there needs to be a balance in meeting the expectation and needs of current residents, while planning for the future. New and updated product in the market is causing challenges for some of BV’s older residences, which will need to be addressed in upcoming master planning. Technology was another focus area that was discussed.

ITEM: ADJOURNMENT

The Chair asked if there was any further business or topics for discussion, there being none, the meeting was adjourned at approximately 3:10 pm.

/s/

Todd Andrews, President