**MINUTES OF THE**

**ASBURY ATLANTIC, INC.**

**MEETING OF THE BOARD OF DIRECTORS**

October 20, 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**

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| **Board of Directors, attending** |
| Jeffrey Ernico, Chair  | Barbara Harbison (Virtual) | Louis Grammes (Virtual) |
| Melissa Fors (Virtual) | Richard Findley (Virtual) | Efonda Sproles (Virtual) |
| \* *Attended as indicated* |  |  |
| **Board of Directors, absent**  |
|  |
| **Staff**  |
| Todd Andrews, President CCRC | Terra Bennett, Notes |
| Kim Ehrenfried, VP & Controller  | Henry Moehring, VP of Healthcare Srvs & Ops |
| Krista DiGeorge, VP Sales & Marketing | Andrew Joseph, Counsel  |
| Andrew Jeanneret, CFO |  |

**Note: the meeting was held via teleconference and in-person due to the 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 3:15 p.m. Mr. Andrews offered a prayer.

The Chair then referred to the agenda and consent resolution contained in the Board packet for October 20, 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 October 20, 2021 Board of Directors meeting as it appears in the Board Packet for the October 20, 2021 Board of Directors meeting.*
2. *Approval of Minutes. The minutes of the August 4, 2021 Meeting of the Board of Directors as it appears in the Board Packet, on Board Effect, for the October 20, 2021 Board of Directors Meeting (“Board Packet”).*

**ITEM: OPENING REMARKS**

The Chair stated that we have a full agenda today. He stated that Mr. Andrews would be saying the prayer. Additionally, we will be hearing from Barbara Harbison later in the meeting as she had the opportunity to visit the Assisted Living on her campus (Kindley Assisted Living). The Chair looks forward to hearing what Barbara has to say about this opportunity.

*[Section Redacted]*

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

**ITEM: 3rd QUARTER RESULTS** *[Portions Redacted]*

Financial

Ms. Ehrenfried presented the third-quarter financial results. We continue to have COVID-19 testing costs. We were only at 86% vs. a budget of 91.7. Continue to have lower entrance fees: $14.3M vs. a budget of $20.3M. Ms. Ehrenfried referred to the detailed report provided in the Board packet and provided an overview of the financial results as of September 30, 2021, as follows: The net operating revenue, occupancy levels on all communities at all levels are down compared to budget. Spending on health insurance costs significantly increased starting in January 2021. Testing costs have remained around the same for the third quarter. We spent approximately $300k in the third quarter. There are savings in the administrative costs due to limited travel, conference attendance, subscription fees, etc. Finally, the Operating Ratio (“OR”) is currently at 100.4 percent compared to a budget at 99.5 percent (short by $5.6M – AMV is about $4M of that shortfall), which means a shortfall in revenue. Received $2.1M in government funding.

The Chair stated that he was surprised that occupancy was below the national average. Per Mr. Andrews, BV and AS are doing well, AMV is struggling in Kindley and Wilson. Springhill is up to about 86%. Per Mr. Andrews, it is important to remember that we have very high attritions from death, those that are transitioning into different levels of care, and those that are moving closer to families. AMV is a real challenge, and it is due to saturation in the marketplace.

Question from Melissa Fors: she wanted to know what was the cause of the resurgence at Springhill? Per Mr. Andrews, the incentives being offered are really what has helped this.

Quality

Mr. Moehring reported on each community’s star rating. All Asbury Atlantic communities are at five stars. We continue to do well with Infection Control surveys as well. Some targeted Quality Improvement initiatives are fall prevention, decrease in associate injuries, and weight loss. We are doing well and have a good team to continue to drive these efforts.

Operations

Next, Mr. Moehring provided an overview of some operational details that continue to happen on campuses while managing COVID-19. Testing continues to be driven by CMS and local authorities. It continues to be an opportunity, as they get new information, we have our clinical team get actionable items and disperse them to all the communities. We work closely with Infection Preventionists at each community. We are seeing breakthrough cases of COVID-19, but the good news is that the number of deaths and serious illnesses is dramatically less than what we saw at the beginning of the pandemic. We are in good supply of PPE, continue to work with Jeremy Leonard to make sure that we have what we need across the system. We maintain an over 60-day supply. We are starting to see a little supply chain issue, but nothing to worry about.

2021 Strategic Goal: Focus and Review

Mr. Andrews presented the 2021 strategic goals and focus. Mr. Andrews reported on the 2021 strategic goal focuses as follows for each of the three pillars of the strategic goals:

(1) Provider of Choice

**-Asbury communities will achieve at least a 4-Star rating in the CMS 5-Star rating system in at least 5 communities**. Update: All 4 Communities achieved 5-Star

-**Establish pharmacy programs at SH, AMV, and AS**. Update: Pharmacy provides service to Albright, BV, SH. AMV and AS will transition 2/1/22,

**-Achieve a COVID-19 positivity rate 50% below the yearly national average**. Update: Asbury positivity rate is at 0.5% compared to the national average of 8%.

Mr. Andrews noted that no risks have been identified for Provider of Choice metrics in 2021.

(2) Employer of Choice

**-Asbury will achieve a 20% reduction in the average annual associate vacancy rate**. Update: The number of vacancies has increased. It is difficult to compete with retail and restaurants because they are offering just as much and more working at McDonalds, Target, etc. Our competition is no longer just our industry. We are addressing this and now have 8 people on our recruiting and onboarding team. We have shifted resources to recruiting on onboarding. We have not been impacted by the vaccine requirement as much as other providers. We have seen some people leave, especially in dining and those that are under the age of 18; especially at AMV and SH (lost double digits of employees). Legacy Asbury entities are at -12.97%.

**-Sustain Great Place to Work Certification** Update: Retained GPTW (Great Place to Work) Certification for 6 Asbury Communities. Albright did not make the threshold.

**-Commit to including at least one (1) ethnically diverse candidate in leadership positions**. Update: We had 1 leadership position filled in the third quarter and currently have 8 open leadership positions. We continue to look for diverse candidates. There were 5 total candidates in the final pool presented for consideration; however, none were from diverse backgrounds. The risks identified include turnover in positions due to mandating the vaccine, especially at AMV and AS. The challenge continues for staffing with almost zero unemployment in the markets we operate.

(3) Financial strength

**-Bring operating ratio and occupancy in line with budget**. Update: The risks identified are challenges in occupancy levels, particularly in Assisted Living; and, finally, continued increases in testing costs. Occupancy continues to be flat.

Testing (Positivity) and Vaccine Update

Mr. Moehring discussed the cost of testing. We started the year with a high volume of testing, they dropped down, but with the Delta Variant, we are seeing the number increase again. Mr. Andrews discussed the monthly positivity rates across the system vs. the National Average. We are at .27%-.38% vs a National Average of 4% through 8.47%. Our vaccination status is: Resident 97.75% and Associate is 92.14% vs. National Average of 56.8%. Will only lose 5.5-7% of associates due to the vaccination requirements. This is something we are very proud of. We do have the vaccination requirement in MD and TN 100% effective now and PA is by the end of October. Our biggest challenge campus is Springhill. This has caused a revenue challenge because it has caused us to have to come down 10 beds due to not having staff. We are expecting to lose a total of 11 LPNs and RN’s. This is more nurses than AMV, AS and BV combined. We are the only provider in all our markets that have required the vaccination.

Melissa Fors would like to congratulate the team. She stated this is tremendous work and great news. Mr. Andrews stated this has been a team effort with education, group conversations, and individual conversations.

Occupancy and Sales and Forecast Update

Ms. DiGeorge thanked everyone for the opportunity to be included in today’s meeting. The chart shows green and red, which is related to NIC data. We are above the national average for all communities except AMV. We are moving in a positive direction. SH is at 90% today in Residential Living due to incentives.

Melissa Fors asked if you are seeing any early shifts. We are seeing what is happening nationally. Potential Residential Living residents want to wait and see what happens; however, due to incentives, we are seeing an increase in sales. It’s important to note that even though it has started to rebound, it is still significantly below pre-pandemic.

Residential success is attributed to improves response to sales tactics such as incentives, improved receptiveness of prospects, and sales momentum. Additionally, they have implemented an “All Hands on Deck” approach. They are bringing in the Regional Director and Sales Director to help provide support and on-site leadership. There are some concerns to residential success such as

Renovation delays due to labor and material shortages, heightened competition, and access due to COVID.

Residential Sale Momentum: One of the things discussed in April was the hesitancy of RL residents to move through the continuum. We have increased care navigation and family members are more okay with transitions. We are now seeing a significant decline in residential but an increase in admissions at Kindley AL (AMV). The majority of those that are leaving are those that are moving closer to family. We continue to have a very high attrition rate at AMV, the benefit is it’s benefiting Kindley AL.

SH has gone from 141 to 145. They have used Community Fee Incentive, which lowers the entrance fee and raises the monthly fee.

The total reservations over the next 60 days are keeping pace with attrition for most of the communities.

The major focus for Assisted Living is at AMV – Have been struggling to find strong salespeople. When there is turnover there is about a 3-month lag time for sales momentum. Have had Director become a Sales Counselor. APM Director will be re-directed to have 2 weeks in AMV and then 1 week in APM. Regional Support will be at AMV daily to be the sales leader.

Have a lot of great ideas to help sell the 19 apartments available at AMV. They are setting up rooms to cater to specific people so they can see the potential of the apartment.

Assisted Living –As of today, AMV is at 94 and will be 98 which is 73.8% which is almost a 10% gain since July.

*[Portion Redacted]*

Integrated Services

Mr. Andrews stated that we have seen an increase in net revenue across the system. Additionally, they are working on a pilot program. Pharmacies are currently serving Albright, BV, and SH. The target date to begin services at AMV, and AS are February 2022; however, the pharmacy will most likely be delayed by 1 month due to equipment. The new pharmacy has hired a new director and the dual license has been approved. Home Health referrals have remained steady at AMV. Home Care leadership transition has reduced expenses and improved efficiencies. Working on a partnership around Home Care at AMV and AS. Will discuss this when we get closer to this happening. Additionally, we have purchased a few additional LIFE programs.

**ITEM: EDUCATION TOPIC: Focus on AL/Cognitive Decline: Strategic Plot AMV**

Mr. Andrews discussed the importance of occupancy related to Assisted Living. When the market is saturated then programming needs to be improved. We have done a lot with brain health at AMV and basic program as it relates to Kindley AL and across the system. Sue Paul, Wellness Director at AMV, connects a program to all our levels of care. She is a published author as it relates to dementia care. She is an occupational Therapist. John McDonough will also be very focused on eliminating the “never-ending pilot.” Make sure programs get moved throughout all campuses. For instance, one cognitive impairment program for the whole system.

As we age, we see various changes in our cognitive abilities. Our average move-in age is 82-84 years old. This program is going to focus on education for residents and families but also programmatic developments to help. These programs will also be available to staff. There will be increased classes on Mindfulness. In 2022, we will integrate leveraging healthy diets and help residents see the benefits of diet and decreasing cognitive impairment.

We want to get residents socially connected. This is vital. This means bolstering our Wi-Fi, increasing support groups.

Additionally, we will provide programs around brain training. We are doing a Virtual Reality partnership with Harvard University. We are hoping to get families to want to come to the community to spend time with their loved ones.

We have amped up targeting memory, attention, and Executive Function with Exercise. Also, Parkinson’s programming is a huge focus. We already have support group meetings. We have Rock Steady Programming, (list some of the activities on this page). We are seeing a huge influx of residents that we can serve differently. Rock Steady Boxing – this works on hand and eye coordination. This will be huge as they won’t have to go off campus to take these classes. The gym will be done in early December. We have 4 associates who are certified for these classes.

Indoor Rock Climbing – This is not just for residents, it’s for grandkids to come to visit their grandparents and then have dinner. This will make a difference. We are excited about his.

TRX Fitness Classes – We will be able to do multiple classes in this gym. There will be a lot of different equipment brought in. Efonda has asked to be kept in the loop so that he can help as needed.

React Neuro – Partnership with Harvard. Virtual Reality is gaining speed in Senior Living. Will be able to share some details in early 2022.

Obie – has been started at Kindley Assisted Living. It’s games and educational activities projected on a table. We are testing this. It will be put in AS, BV, and SH in early 2022. Residents are enjoying this.

**ITEM: MASTER PLANNING UPDATES**

Mr. Andrews reported as follows: Overall, plan to reengage master planning at BV, AMV, and some of the other communities. The lobby at Kindley Lobby was outdated. If we can get prospects by the lobby then we can get them to move in. This project will be done in late November. The total cost for the renovation in Kindley is $680,000. The new Shoppe will be outside the main dining room in Crawford and will be done by the end of the year (late December). Will also have virtual reality, a rock-climbing wall, and boxing coming to the AMV campus.

Kindley Lobby – Temp walls are down, mailboxes moved, floors down. Will finish about $100,000 under budget and about 2 weeks ahead of schedule. Residents love the change.

The Shoppe – moving to Apt. Center in Heritage Building. It will be an upscale convenience store. Will be done by mid-December.

React Neuro – some equipment there and outside equipment will be installed in early Spring.

Rock Climbing Wall – will be done on time. Has been delivered and will be up by Thanksgiving. Have 2 people getting certified.

**ITEM: BARBARA HARBISON – KINDLEY ASSISTED LIVING** *[Portion Redacted]*

Ms. Harbison would like to thank Todd for doing the tour with her. The people who conducted the tour were Michael and Shaun A. and they were wonderful. All she knew about Kindley was from her first couple of years of moving in.

Facility – 7 story building with restaurant and salon. They have different levels of care. The 6th floor is memory care or Reflections. There are 133 apartments and are licensed for 164 residents. Reflections have 23 apartment and is licensed for 27 residents. The hallways were bright with neutral coloring. The décor was sparse. There are multiple options for a couple to move in. The kitchen did not contain a stove, but a lot of cabinet space. Bathrooms could accommodate a wheelchair with a lot of bars and nightlights. Each floor had a dining room, parlor, laundry room, and nursing station.

Memory Care had those basic common area rooms and had an additional arts and crafts room. Additionally, residents in assisted living are encouraged to visit other floors.

AMV is blessed to have such a large, assisted living.

Services Offered – looked at CMS Assisted Living Services (see PPT)

Covered services – housekeeping, PT, and OT (not sure how that is covered); there was no mention of Wi-Fi. Not sure what other expense might be incurred. Would like to know what is covered by the monthly fee and private insurance. Not sure what the different levels mean.

Staffing – Kindley now has 2 shifts, have 2 nurses 24/7. CMT’s also went to 2 shifts: 7am-3pm and 3pm-11pm. Staffing has been changed.

Hopes that management will work on communication with Assisted Living. Found out the social workers from Residential Living and Assisted Living do not communicate.

AL is the reason that Barbara looked at CCRC’s but never stepped foot in AL at any of the CCRC’s that she visited.

Mr. Andrews stated that they wanted to develop some benchmarks. Mr. Andrews and Mr. Leidig are doing Town Hall Meetings. One of the questions asked to the residents is, how many have visited either the AL or SNF. Only 2 out of 10 have visited either area of the campus. How do we as the provider help people be more comfortable with these areas?

Hopefully, staffing questions will be answered soon. A commitment has been made to communicate more with leadership.

**ITEM: OPEN Q & A**

**ITEM: OTHER ITEMS**

The Chair asked whether there was any further business to come before the Board; there was none.

**ITEM: ADJOURNMENT**

The meeting was adjourned at approximately 5:15 p.m.