

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

July 26, 2023

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	Efonda Sproles
Board of Directors, absent		
Richard Shuman		
Staff		
Todd Andrews, President Community Living Division	Terra Bennett, Minutes	
Andrew Jeanneret, CFO	Kim Ehrenfried, Comptroller	
Doug Leidig, CEO	Bri Stewart, VP of System Sales	

Note: the meeting was held via teleconference.

ITEM: CALL TO ORDER

The meeting of the Board of Directors of Asbury Atlantic, Inc. (“Atlantic”) was called to order by Mr. Jeffrey Ernico at approximately 4:16 p.m. Mr. Ernico offered a prayer.

Mr. Ernico then referred to the agenda and consent resolution contained in the Board Packet for the July 26, 2023, Asbury Atlantic, Inc. Board of Directors meeting (“Board Packet”) and asked for a motion to approve. A Director recommended changing IL to RL within the Financial Review for AMV.

The following motions were made, duly seconded, and 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 July 26, 2023, Board of Directors meeting as it appears in the Board Packet.
2. Approval of Minutes. The minutes for the May 17, 2023, Meeting of the Board of Directors as it appears in the Board Packet.

ITEM: Q2 FINANCIAL REVIEW

Ms. Ehrenfried began the second quarter financial review with a reminder that the numbers in the 12/31/2022 column are final and audited. She stated that cash and investments increased approximately \$5.5M from 12/31/22 to 6/30/23 primarily due to investing the \$4M proceeds from the Bethany Village land sale. Then, she shared that the investments held under bond indenture decreased from \$39.2M to \$30.4M primarily due to withdrawing from the project fund for MD capital projects and that the current liabilities have decreased by \$3.6M while total liabilities decreased by \$3.3M.

Next, Ms. Ehrenfried presented the June YTD financial results noting that the Operating Ratio (OR) is 95.8% compared to a budget of 98.1%, equating to a \$1.7M favorable variance. She shared that \$1.7M of revenue from government funding has been recognized, and there is \$1.0M favorability to budget for interest and dividend income, and that the foundation allocation is also favorable to budget. She explained that independent living and assisted living occupancy at AMV are the primary causes of the unfavorable revenue variance. BV is favorable in occupancy and SH and AS are closing the gap to their budgeted occupancy. Salaries and benefits are favorable to budget, offset by contract labor, which is \$980K unfavorable to budget. Utilities, leases, and telephone expenses are unfavorable to the budget due to equipment rentals.

After the financial review, the Board discussed additional government funding. Management shared that an additional \$1.6M was received in June for the PA entities and will be recognized as revenue later in the year Q3. We expect to receive minor amounts for the PA entities going forward since the funds reimburse expenses incurred.

ITEM: OPERATIONS REVIEW

Before the operations review, Mr. Andrews introduced Bri Stewart, VP of System Sales, and Ms. Stewart shared information about her prior experience in senior living sales.

Mr. Andrews began the operations review by sharing the following star ratings:

- AMV – 5 stars
- AS – 5 Stars
- BV – 5 Stars
- SH – 3 Stars

Then, Mr. Andrews discussed quality measures and supporting activity, including adding an experienced MDS Coordinator to assist Springhill. He noted that the mock survey process at each community prepares for the actual survey. In 2023, only the Health Care Centers are conducting mock surveys; Assisted Living and Personal Care will be added in 2024.

Next, Mr. Andrews focused on Springhill and highlighted that the numbers are from the second quarter of 2022 to the first quarter of 2023. He explained that the clinical team focuses on how Asbury compares to state and national averages. The clinical team visits the communities every other week to address and evolve the clinical program. The state of PA has implemented several new criteria as of July 1, 2023, including the staffing ratio of CNAs to residents, which has implications of being below the necessary threshold through only a single call-off within 2023 budget at Springhill. The nursing home administrator's role now encompasses business manager responsibilities because of the new requirements. We will monitor closely as there is significant lobbying efforts from both Leading Age and for-profit associations that this is extremely detrimental to efficient financial operations.

Mr. Andrews then discussed clinical initiatives like education, the Abaqis software program, policies, and procedures, and 2023 goals.

Following the quality discussion, Mr. Andrews gave updates about the Strategic Blueprint:

Goal 1: Operation Margin Achieved – The target is a 98.1% Operating Ratio, and the actual is 95.8%.

Goal 2: Employee Turnover Rate Reduced – Reduced another 2% to 34.98%

- Mr. Andrews stated that candidate volume and qualifications are elevated from earlier in 2023.

Goal 3: Cognitive Brain Health Program/Well-being - Achieved the goal of adding a second Brain Health Coach to AMV

- EngAge Well and Kinnections Brain Health is being implemented in all communities, and both programs are progressing as per schedule. In addition, Brain Health Coaches will be hired in all communities by the end of October 2023.

After the strategy update, Mr. Andrews shared the following information about Integrated Services:

- Edge Therapy is recruiting a salesperson to help drive external revenue and is in the final stages of being able to provide outpatient services.
- The pharmacy is using new software that allows either pharmacy to be used, and consulting services have begun at BV and LIFE programs.
- Home Care has an Asset Purchase and Community Marketing Agreement with a vendor in Springhill.
- SpiriTrust is expected to transition August 1, 2023.

ITEM: EDUCATION: SALES TECHNOLOGY/STRATEGY

Ms. Stewart discussed all the initiatives that are taking place for the Sales team. Additionally, she highlighted the following:

- Recruitment and onboarding efforts - AMV had 7 new hires and Springhill had 2; implemented a new onboarding process across the system.
- Building a cohesive relationship between Sales and Operations – Collaborating with

Executive Directors and Administrators every week and implementing a monthly Occupancy Focus call has been implemented.

- Sales Tools and Partnerships – Implementing new software and programs, such as Welcome Home (CRM), Roobrik, MoneyGauge, LivNow Relocation Partnership, and Linware

The Board discussed the cost of all these programs, the organization's return on investment, the efficiencies created by using these new tools, and the improvements to the prospective residents' experiences.

Lastly, the Board discussed the average time it takes for a resident to move in and forming a partnership with current and new residents moving in.

ITEM: OPEN DISCUSSION

No agenda items were requested for the open discussion.

ITEM: ADJOURNMENT

The meeting was adjourned at approximately 5:48 p.m.

Todd Andrews, President Community Living Division