

MINUTES
FINANCE LIAISON COMMITTEE MEETING
SEPTEMBER 1, 2020

The meeting was called to order at 10:05 AM by Chairman Scott McCausland. Members present were Jody Ashenurst, Ben Bastianen, Joan Bliss, Marcel Frenkel, Barbara Hayler, Scott McCausland, Jay Schachner, and Jim Westerman. CFO Dan Churchill represented The Admiral at the Lake. Due to the ongoing COVID-19 pandemic, the meeting was held online.

The minutes of the July 28, 2020 meeting were approved.

Dan gave an overview of our operations for the seven-month period January through July. Due to the pandemic, we experienced a drop-off in new residents moving in, as well as higher operating expenses. Federal government emergency funding offset some payroll expense, and additional funding has been included in existing legislation. Also, we have the option of deferring payment of the employer portion of the Medicare tax, although this will have to be repaid (50% on 12/31/21 and 50% on 12/31/22.)

Dan said he anticipates an increase in operating expenses going forward, including an 18% increase in our health insurance premium next year. Barbara added that there will be another increase in the minimum wage next year.

Scott asked if the pandemic is considered an act of God. Dan replied that indeed it is, and thus is not covered by any insurance.

Marcel inquired about the status of our account at Northern Trust. Dan said we had taken \$450,000 from the account and now it is at \$1,400,000. He added that we may have to tap it again.

Jim noted that the reduced entry fees have caused a cash-flow squeeze. Dan said that as a result, we will not meet our bond covenants, but he is confident the bondholders understand the problem. Dan is working with Ziegler, the underwriter, to possibly obtain a waiver for the missed covenants, although this does not seem likely. Dan also will work to have Kendal be the approved consultant required by the bond documents. Scott added that entry fees are a timing issue.

Dan is preparing the 2021 budget with an eye on the 2022 budget. Based upon whether the pandemic will or will not be brought under control, it may be necessary to ask the Board to delay approval of the 2021 budget.

Our next meeting is scheduled for 10:00 AM on Tuesday, October 6, 2020. It will be a video conference held remotely on Zoom.

Scott adjourned this meeting at 11:30 AM.

Jay Schachner
Secretary