

MINUTES
FINANCE LIAISON COMMITTEE MEETING
JUNE 2, 2020

The meeting was called to order at 10:00 AM by Chairman Scott McCausland. Members present were Ben Bastianen, Joan Bliss, Marcel Frenkel, Barbara Hayler, Scott McCausland, Jay Schachner, and Jim Westerman. CEO Nadia Geigler, CFO Dan Churchill, and Director of Facilities Anel Kulasic represented The Admiral at the Lake. The COVID-19 quarantine still being in effect, the meeting was held online.

Minutes of the May 5, 2020 meeting, as amended, were approved.

Anel reviewed the process for establishing our capital reserves account. He assesses the status of our critical mechanical equipment and projects its life-expectancy going forward. This is based on the manufacturers' estimates of life-expectancy, our experience in use and repair, probable improvements, and code compliance. He then projects the year-by-year costs going forward, knowing this is an ongoing process and that surely there will be changes over time. Dan added that the budget is based on projections out to 2030.

Jim asked about improvements to the building interior, and Scott asked about a major re-do of the Bistro. Anel said he does not anticipate major interior capital improvements, but that existing facilities will be upgraded as needed.

Barbara asked why close to one-half the capital budget is for the building interior. Joan said this is due to depreciation and deferred expenses.

Jim requested details on the projections. Anel said this is an evolving document and perhaps should be included in the financial snapshot.

Scott asked about IL move-ins. Dan said there had been none since we went into quarantine and the lack of new entry fees puts stress on our cash position. Jim reminded us that the CCRC concept is based on turnover of apartments and that without this the concept breaks.

Dan reviewed our other reserve accounts. He noted that we will not meet the Days Cash on Hand covenant to be measured on June 30, 2020. He has been in touch with Ziegler about this. They believe the bondholders understand the difficulties we face due to the pandemic and will give us a waiver this time. Ben suggested that now may be a good time to consider renegotiating the terms of our covenants.

With regard to our investment account at Northern Trust, Marcel said that in these uncertain times our 65% equity position is too risky. He believes we should divest all equities and move to CDs. Jim responded that we should maintain our "moderate risk" profile and rely on our investment manager at Northern Trust, who closely monitors and adjusts the asset allocation as needed.

Our next meeting is scheduled for 10:00 AM on Tuesday, July 28, 2020. It will be a video conference held remotely on Zoom.

Scott adjourned this meeting at 11:25 AM.

Jay Schachner
Secretary

