

# Glen Arden, Inc.

June 20, 2019 CCRC Council Meeting

Albany, New York

# 2018 Recap

- Operational

- New advertising agency – April 1, 2018; annual savings of \$36,000
- Gas and Electric utility services under contracted rates
- Ongoing expenses related to CIA, IRO and corresponding legal
- Ongoing significant repair/maintenance expenses - HVAC, HCC wander guard, electrical, major kitchen appliances, and resident bus
- 2018 HCC Survey – Five Star

- Administrative

- New audit firm
- Welcome new board members; accept resignation of other board members
- Ongoing enhanced compliance reporting as required by the CIA
- Proposal for assistance with Strategic Plan – November 2018
- In house development of Strategic Plan – December 2018
- Revision to Disclosure Statement/Standard Information Sheet/Residency Agreements
- AV Powell preparation of Actuarial Report to include discounted pricing as referenced in the Enforcement Action
- New HCC Administrator – January 1, 2018
- New HCC Social Worker – September 1, 2018

# 2018 Recap

- Other

- Approval of Type C FFS contract offering – August 2, 2019
- August 26, 2018 DOH formally notifies Glen Arden of Enforcement Action and proposed Stipulation and Order to include the following elements requiring DOH and DFS approval .....

  - fund the operating reserve within 2 years and within 60 days submit a schedule for full restoration of same;
  - within 60 days, develop or acquire a strategic plan/plan of correction to meet the regulatory requirements of Continuing Care Retirement Communities including actions to reduce and eventually eliminate operational deficits;
  - within 60 days, enter in to an agreement with an independent third party to oversee the implementation of the strategic plan/plan of correction;
  - provide to all prospective residents the full Certified Financial Statement audit report for 2017 and each year forward

- Entered in to listing agreement with Rand Commercial for sale of Lifestyles property 10.4 acres
- Separate Pension Plan – effective date 12.31.18
- Board commitment to fund operating reserve with proceeds of the sale of the Lifestyles property

# May 2018 CCRC Council Meeting

- Glen Arden Situation
  - Failure to maintain operating reserves and supporting assets
    - March 2018, the Board of Directors pledged proceeds of the sale of Lifestyles to fund the operating reserves; engaged real estate broker to market Lifestyles property.
  - Use of marketing incentives not approved by DOH and DFS
    - Remedied earlier in the year; impact incorporated in to 2018 Actuarial Report
  - Use of initial disclosure statement not compliant with Article 46
    - The Disclosure Statement was modified to comply with the requirements of Article 46
  - Council recommends Glen Arden prepare a plan to achieve financial stability and operate within the requirements of Article 46

# 2018 Marketing and Sales Recap





# 2018 Marketing and Sales Recap

## Sale Summary

2018 Stats	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec			Total	Jan-Jun	July-Dec
Sales	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0
Sales - Lois	3	0	1	2	1	2	2	2	2	2	2	2			21	9	12
Total Sales	3	0	1	2	1	2	2	2	2	2	2	2			21	9	12
Sales Goal	2	2	2	2	2	2	2	2	2	2	2	2			24		
Move-ins*	2	1	0	2	1	2	2	1	3	3	1	0			18	8	10
Cancel	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0
2018 Stats	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec			Average		
Conversion Ratio	26%	15%	17%	30%	50%	58%	48%	32%	40%	17%	46%	35%			34.5%		Leads to Presentation
Conversion Goal	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%			35.0%		
Closing Ratio	33%	0%	16%	11%	5%	11%	10%	13%	5%	18%	5%	12%			11.6%		Presentation to Sale
Closing Goal	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%			9.0%		
Inquiry Date	2003	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	
Sales	0	0	0	0	0	0	0	1	0	0	1	2	1	4	12	21	
% of total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Cancel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
															0.0%	0.0%	
																Leads Jan-Jul 2018	Leads Aug-Dec 2018
Leads	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Total	Average	Jan-Jul	Avg	Aug-Dec
New Leads	35	71	35	55	38	38	40	47	48	63	47	46	563	0.00	312		297
Re-Inquiry	2	0	0	2	0	0	0	0	0	0	0	0	4	0.00	4		0
Total	37	71	35	57	38	38	40	47	48	63	47	46	567	0	316	0	297

# 2019 Marketing and Sales





# 2019 Marketing and Sales Sale Summary

2019 Stats	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec			Total	Jan-Jun	July-Dec	
Sales	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	
Sales - Lois	1	0	2	2	2	0	0	0	0	0	0	0			7	7	0	
Total Sales	1	0	2	2	2	0	0	0	0	0	0	0			7	7	0	
Sales Goal	2	2	2	2	2	2	2	2	2	2	2	2			24			
Move-ins*	1	0	0	4	0	0	2	0	0	0	0	0			7	7	2	
Cancel	0	0	0	0	0	0	0	0	0	0	0	0					0	
2019 Stats	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec			Average			
Conversion Ratio	43%	38%	37%	72%	31%												Leads to Presentation	
Conversion Goal	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%			35.0%			
Closing Ratio	4%	0%	15%	8%	12%												Presentation to Sale	
Closing Goal	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%			9.0%			
Inquiry Date	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total		
Sales	0	0	0	0	0	0	0	0	0	0	0	1	0	5	1	7		
% of total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Cancel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
															0.0%	0.0%		
																	Leads Jan-Jul 2019	Leads Aug-Dec 2019
Leads	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Total	Average	Jan-Jul	Avg	Aug-Dec	
New Leads	55	42	35	33	55	0	0	0	0	0	0	0	220	0.00	220		0	
Re-Inquiry	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0		0	
Total	55	42	35	33	55	0	0	0	0	0	0	0	220	0	220	0	0	

# 2019 Strategic Plan Initiatives

## Completed and Ongoing

- Reduced Management Staffing – effective April 1, 2019
  - Corporate Controller position transitioned to part time;
  - Executive Director position eliminated
- Engage vendor (April 2019) to conduct Market Study and prepare report – report completed May 31, 2019
- Engaged new digital advertising company – completed April 1, 2019
- Engaged new marketing company – completed June 1, 2019
- Developed new contract offerings/new pricing models – completed May 31, 2019
- Eliminated contract options – June 2019
  - 75% Refundable Lifecare
  - Modified Type B
- AV Powell to prepare pricing analysis and cash flow analysis for proposed new contract offerings/pricing model – completed June 18, 2019
- Voted in new Board Chairperson – Tom McGorry – April 24, 2019 annual meeting
- Contract with new Medical Director for physician services in HCC – January 1, 2019
- Union Contract (1199) negotiations – May 2019 ongoing
- Continue bi-weekly calls with DOH/DFS and weekly monitoring of cash flow – ongoing
- Continue open dialogue with HJ Sims for debt repositioning - ongoing
- Continue open dialogue regarding new sponsor opportunities – March 2018 ongoing

# 2019 Strategic Plan Initiatives

## Going Forward.....

- New Marketing company to prepare marketing plan – July 2019
  - Develop plan specific to selling 2 bedroom units
  - Identify GA customer profile to gain understanding of current buyer needs
  - Conduct inventory/prospect analysis; align results to target market efforts; use purchase lists and prospect database
  - Detail marketing events for the remainder of 2019
  - Coordinate with direct mail and digital advertising vendors to maintain a cohesive effort to reach marketing goals
  - Strategy is to begin with aggressive 90 day plan and grow it forward
- Close on sale of Elant at Brandywine – July 2019
- AV Powell to prepare new Actuarial Report reflecting new contract offerings and updated fill assumptions – July 2019
- Adjust EHU and HCC private pay rates to align with competition – July 2019
- Change controlling entity of Lifestyles LLC from Elant Inc. to Glen Arden, Inc.
- Operational initiatives:
  - Convert to a dining points system – August 2019
    - report nutritional and caloric information on menu options
  - Convert café' dining menu to a full service casual dining venue – July 15, 2019
    - Implement point of sale system
  - Utilize Leading Age Value First for purchasing at discounted pricing – August 2019
  - Utilize vacated cottage house (old administrative office) to implement a private pay memory care program for current residents; Q4' 2019
  - Provide parking accommodations for Legoland workers August 1, 2019 – May 31, 2020 for a fee
    - Space cleared to accommodate 190 spaces for rental – completed June 18, 2019
  - Create an interdisciplinary approach for new residents – July 1, 2019
    - Incorporate wellness and dining plan
  - Partner with local educational facilities (BOCES and community college) to enhance employee recruitment - ongoing

# 2019 Strategic Plan Initiatives

## Going Forward.....

- Prepare documents as required for approval of new contract options – July 7, 2019
  - Residency Agreement
  - Disclosure Statement
  - Standard Information Sheet
  - Pricing Sheets
- Implement new contracts and pricing – effective August 1, 2019 (Plan A)
  - Goal of 5 sales per month under new pricing plan
- Obtain DOH/DFS approval of Strategic Plan – June 30, 2019
- Engage vendor to perform monitor services of strategic plan in accordance with Stipulation and Order – June 30, 2019
- Evaluate success of fill assumptions (5 sales/month) – July 1 through September 30, 2019
- Day of Decision – October 1, 2019
  - Sales activity/volume is moving towards goal – continue down existing path (Plan A)
  - Insufficient movement toward sales goal – (Plan B) – cease selling lifecare contracts and move towards Fee For Service model
- Implement plan to collect Accounts Receivable due from purchaser of nursing homes – September 2019
- Request suspension of Corporate Integrity Agreement – at completion of BW sale transaction