May 11, 2023 CCRC Council Transcript

I'm Mark Furnish.

I'm the chair of the Continuum of Care Retirement and Continuing Care Council.

And I'd like to call to order the meeting of the CCRC Council and welcome members, participants and observers, some bookkeeping novices.

Before we start today, meetings of the CCRC Council are subject to the open meeting floor and broadcast over the Internet webcast are assessed at the Department of Health's website, which is health@ny.gov.

The On Demand Archive webcast of this meeting will be available no later than seven days after the meeting for a minimum of 30 days, and then a copy will be retained by the department for four months.

Some suggestions and ground rules to help make this a successful meeting.

Do you notice the microphones appear suspended so they pick up everything.

So assume that everything is being recorded, everything you say.

So if you want to have a private conversation, I would suggest getting up or leaving or writing a note or something.

But you know, don't be subject of a hot mic, and it's liable to be broadcast over the Internet as part of this webcast.

We ask that everyone in the room remain as soon as possible and captioning cannot be done correctly if we speak over each other.

So if you wish to speak, please raise your hand and I will acknowledge you.

I will call you on the order they were raised when we called upon to ask please state your name briefly and identify yourself as a council member staff person, that's for transcript purposes.

CCRC Council meetings require in-person attendance by members to count towards quorum.

I want to thank everyone for coming here, and it was a last minute audible of this new building, so I know that was a challenge. So I want to thank everyone for coming.

I'd like to take this opportunity to introduce a new member to the CCRC Council, Charles Williams, who's designated to serve in the capacity in the New York State Office of Aging C Councilmember.

Williams is the assistant director for Healthy Aging and Longevity in the New York State Office for Aging, and we appreciate his willingness to serve on this council.

Charles replaces Barbara Stubblebine, who served in the State Office of Agency on the CCRC Council since 2016, before leaving to pursue another opportunity as the Office of Aging Long-Term Care at the Department of Health. So she is my colleague.

We'd like to thank Barbara for service on the Council and wish you the best on her new career opportunity.

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So if we have any questions about any new ground rules or anything with that, we can start.

The first agenda item today is the application for Knolls at Goshen, CCRC.

And I want to state that this has two parts.

The first part being a request to approve the Knolls at Goshen Incorporated to be established as new operator of our CCRC in Goshen, New York.

The second is related to a request to authorize a possible name change to the Knolls located in Valhalla, New York.

The Department of Health and Financial Services are presenting the application for the Knolls at Goshen Inc. To be established as a new operator of Glen Arden CCRC in Goshen, New York.

The department is recommending approval with conditions and contingencies now as a point of order, require a motion and a second to proceed with the discussion of the application and the action being requested of the Council.

Once the discussion is concluded, I will call another motion for a formal vote of the Council.

So with that can I have a motion from a councilmember to approve the Knolls at Goshen Inc to be established as the new operator of Glen Arden CCRC, in Goshen, New York, with conditions and contingencies? Mr. Kaplan and Mr. Friedman, seconds.

So Mr. Heeran of the Department of Health and Representatives of the Department of Financial Services are here today to discuss with you the review and recommendations made to the Council.

Let him complete his presentation and the Department of Financial Services presentation, and I'll open up for questions from the Council and then to the public.

Mike Heeran from The Department of Health

So I'll try to speak up so the mikes can pick up.

I just thought it be good.

We have the whole exhibit.

We're not going to go through this word for word, but we're going to highlight some things and then I'll kick it over to um DFS staff to highlight the financial piece.

I did because we have some members here, who haven't been here through the entire process of our meetings with the CCRC Council and then current Glen Arden board. I did want to just mention how we kind of got here to help frame this application.

So there was a history of low occupancy at Glen Arden for a while. Previous operator had priced the model that was high demand on smaller units, which were Adirondacks and had a harder time selling the larger units. So they had a long period of cash operating losses and they were being funded by the parent company Alant the line as a whole corporate entity had sold off its long term care business, except for Glen Arden. And then we had a series of CCRC Council meetings leading up to 2019 where there was action by the council to move to suspend the license of Glen Arden. After that action was taken, an agreement was reached to reinstate or convert the suspension to a limitation which required Glen Arden to bring in an experienced management company to stabilize operations and eventually position Glen Arden for a sale to an to an operator, which is what the current board said, that their intent was. The current operator hired a BCM as the new manager of day to day operations, and that was effective December 2019. The COVID 19 pandemic hit, unfortunately soon after that, the BCM managed Glen Arden through the pandemic, helping to secure resources that were made available to companies during that time. In January 2022, the current operator entered into an asset purchase agreement with the Bethel entity to assume the assets and liabilities of Glen Arden to become the new operator, and that the result of that is the application before you today.

In late 2022, I think it was around October, if I'm right, the Knolls at Goshen did file certificate for an application to be established as the new operator of Glen Arden. DFS held weekly meetings with the applicant to facilitate a timely review of the application and get to a point where, DOH and DFS could recommend approval and the result of that work is before you today and the exhibit.

All involved recognize the responsibility to the residents to achieve that that operating plan moving forward. They had a reasonable chance of achieving full statutory compliance eventually and honoring the commitments that would be made to the residents, the residency agreements. And you'll see that in the exhibit.

We'll try to highlight it where we allowed for statutory flexibility for the new so the new operator had time to build up cash reserves while paying some outstanding liabilities of the CCRC. Things that we did where we allowed the contracts to be test current contracts to be test marketed, to see what to gauge, what the demand would be in a consumer response as a feasibility issue. And both the DOH and DFS staff went onsite to assess the conditions and discuss their response to the new contract agreed with the marketing teams.

So with that, I'm just going to just highlight some of the exhibits. portions before. Get over DFS for the financial piece. So pretty much what I just went over is in the executive summary. So I'm going to skip down just to say that the um operating plan definitely proposed by the applicant is achieved through the assumption a certain Glen Arden CCRC, assets, and liabilities, payment terms with creditors, the past due accounts payable and the infusion of $5 million in new funds and the assignment of the land lease from the current operator and the ramp up of the statutory reserves over a period of time.

Glen Arden and those the Knolls at Goshen will be assuming all of the active Glen Arden CCRC resident contracts or residency agreements, and the allocations contained therein.

You know, so see I refer to that on exhibit page three as well to talk about how they're going to just assume all of the contracts under responsibilities and honor the current payment terms that are in place for entrance refund payment due.

The approach that they that we believe that there that they presented to us is consistent with what they have implemented at the Knolls CCRC located in Valhalla they took over the Knolls in Valhalla all involve for bankruptcy proceeding and brought that CCRC up to a I'd want to look at them but close to full occupancy now, so very high occupancy, it's been successful. They made improvements there and we believe this plan is consistent with what was good place there to be successful.

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In the review section, I'm going to skip to page three. That shows you the existing operator Glen Arden Inc with the active parent of Elant Inc and then the proposed operating group for The Knolls at Goshen.

There's also your packet was an organizational chart that showed you the relationship; this is going to be an affiliated entity organizationally to the current Knolls. So there's overlapping boards of this board of directors currently oversees and you see this is the details. These that they currently oversee the Knolls located in Valhalla and so they do have experience and they do have experience operating in and overseeing a CCRC.

In the majority. The applicant will assume defined assets and liabilities through the access purchase agreement on that was that they entered into in January 2022 and again I mentioned they're going to take over the bonds. There's a $13.5 million so in Orange County IDA bonds uh that that they're going to be assuming. $4.5 million in a new bond series for corporate taxable bonds and then $500,000 in cash contributions.

The applicant has demonstrated the intent to operate under a plan that will eventually lead the requirements, Article 46 and associated regulations. So we are we are recommending a contingent approval. I'm briefly just going to touch on regulatory issues in order to accumulate the necessary liquidity and has requested flexibility in the services in applying to the statutory reserves over time and I'm going to let DFS talk to that. And then as part of this application, the applicant requested the department of health's approval to allow CCRC to provide for through the period allowed under regulation, which is seven years of outside admissions to skilled nursing and enrich housing services to people who are non resident.

Their occupancy is very low. So in order to properly staff the current skilled nursing and assisted living, they will need occupancy from the outside for a temporary period of time until the occupancy ramps up. So we're allowing that as well.

I'll touch quickly about um I'm going to skip to the contract offerings. They're going to offer three types of contracts at various price points based on apartment size and contract type. They will offer a full life care, which is often referred to as a Type A contract to residents. And in the fee for service contract is referred to as a type C, and both of those will be offered at fully declining balance entrance fees. So over a four year period, the entrance is able to amortize to zero. They also are going to offer an 80% refundable entrance fee contracts on the type C fee for service contract only. They'll only be a fixed refund percentage option on the fee for service, like currently fully declining as one of the other Type C option. We did do an assessment of their ability to organize required of the regulations for approval.

We did assess the ability to organize the market on the board, as I said, the board of directors here. The new entity overlaps that were directors for the Knolls in Valhalla and BCM will be providing services, administrative services, similar, similar to what they do now for the Knolls and similar in some ways to what they do right now at Glen Arden. Because of that, they're right now they're managing BCM day to day operations at Glen Arden and it will be a nice, smooth transition, hopefully seamless to the residents when this transitions over to the new operator, and again, that that transition will help with the financial end of things and for people timetable for them to access financing, hopefully boots on the ground, and people there really won't notice anything because it's but it should be hopefully most of the things that they do. We did look at the marketing analysis that was submitted on Glen Arden as the operator, and BCM was the manager under Glen Arden current operator.

They had been test marketing the new contracts. I think back in 2022 we allowed them to do that and it was helping to establish feasibility. Would the new contracts sell? Would they be able to ramp up occupancy?

As of January 31st, 2023, seven independent living units had been reserved and or occupied under the new pricing structure while being subject to enhanced disclosure of financial conditions of Glen Arden. So even before the existing financial conditions Glen Arden were able to be addressed they able to market and sell the contracts and the new resident agreements are expected to be a sustained rate of sale once the proposed transaction has been completed and the new financial resources obtained, capital improvements are made and the financial condition of the CCRC does improve.

The marketing study does show that there is a lack of competition in the area for independent living in the primary marketing area. The closest New York City CCRC to Glen Arden is with Woodland Pond CCRC, and Woodland Pond is actually doing very well there. They are running almost full, if not full and constantly near full Occupancy. Yeah. If there's an act is a unit not occupied, it will soon be and just because of there's timing issues. So they've been running pretty strong.

I mentioned the Knolls of Valhalla over 97% occupancy rate as well there. So there's strong, strong demand in the area for the product. So kind of a recognizing that as well. With the lack of competition, we do think they will be able to accumulate sales and build up the occupancy. We did look at the marketing study which showed that the median price for homes in the area, which is really what gauges the entrance fees charged, was sufficient enough to cover the entrance fees being charged to the new pricing structure. And the same study shows there's like 4,400 income eligible households with seniors aged 75 plus within the primary marketing area, whose household income totaled $75,000 or more. Glen Arden CCRC over time has been able to draw consistent consumer interest from seniors in the market, which seems to be a place where people in Goshen want to go and it's probably, you know, a lot of it's due to lack of other similar options in the area.

We do think that because of that, you know they will be able to market. That's pretty much on my end. DFS will continue with the financial piece. A Thank you very much.

My name is Alice McKenney.

I'm the deputy chief of the Health Bureau at the Department of Financial Services.

With me, I have my colleague, Mr. Ergys Shanaj, who will sustain the presentation on the financial piece of the review of the application. So similar to Mike, I'm not going to go through the exhibit word by word, and I'll just highlight some of the part and details of our financial review. First, I'll describe the components that we use for our review. Second, I'll go to describe the purchase mechanism and I'll go into detail on one of those components that we use for the review, namely the term sheet, because it describes the bond structure and the repayment terms. And lastly, we'll describe the regulatory concession that we gave that Mr. Heeran started to describe, which just get a little bit more detail.

So one, the components that we used for our review comprise the feasibility study or Mr. Heeran referred to as the market marketing study called by different names, but referring to the same documents submitted by the most interesting second piece of market review with the actuarial study.

So the actuarial study and requirements are to show a positive surplus and cash flow and profit margin in seven years. And the actual study is shown currently has a deficit of about 15 million.

There's a half million on the actual growth aims to make. The projections show an actual surplus of approximately 200,000 and emerging at the end of 2024. And then lastly, I will end, it assumes the projections that you using the IOU view independent living units occupancy will increase to about 82 units by the end of 2023 and then to 99 units by the end of 24.

And lastly, but not least, I'll talk about the term sheet, because again, as I sit on that structure and that is payment terms. There are other parts of our review as well. I won't go into the detail here, but if anyone has questions, I'm happy to answer that so and Second, when we talk about the purchase mechanism, as Mr. Heeran mentioned, this is this was this transaction was through the mechanism of an asset purchase agreement we call APA for short. What that means is the Knolls at Goshen is taking over Glen Arden not through paying cash, but rather the Knolls at Goshen is going to take over the assets and liabilities of the existing facility. So there's no cash consideration.

I'll also I should I'll turn it over to Ergys to describe some of the details on the charge sheet. Again with the bond that structure and agreements. As we mentioned earlier, existing bonds, which we called in 1998 series bonds, and then there's a new series which is called the 2023 Bonds. And I'll let Mr. Shanaj talk about the details of that.

Ergys Shanaj of Department of Financial Services. Thank you, Alice.

Hello, everyone.

So according to the finance and terms sheet that we received as part of the application, Glen Arden currently has $13,570,000 in series 1998 taxes and bonds outstanding, of those of the series 1998 bonds.

The Knolls at Goshen will assume the series 1998 and issue $4.5 million in taxable series 2023 bonds to provide working capital liquidity, The series 2023 bonds will be funded by existing bond holders, according to the term sheet.

The total proposed funding is $5 million to be financed as follows $500,000 via equity by the Knolls of Goshen and $4.5 million in the series 2023 bonds. The Terms are on page nine of exhibits now according to the term sheets cash above 110 days cash on hand after payment of certain operating expenses entrance fee refunds and other capital expenditures will be utilized in accordance with the following waterfall. First to fund the series 2023 Bonds Debt Service Reserve Fund. Second, to replenish the series 1998 bonds that Service Reserve Fund is required amount. Third to pay any outstanding deferred management fees owed to BCM Fourth To pay the deferred 2021, 2022 and 2023 principal payments. For the series 1998 bonds, which I said were $13,570,000 and fifth. Finally, after payment in full of the deferred principal payments for the series 1998 bonds and subject to maintaining 110 days cash on hand or other reserve requirements, the Knolls at Goshen may elect to repay the series 2023 bonds.

The $4.5 million and pay management fees deferred by BCM prior to closing. However, if the Knolls at Goshen decides to do so, such prepayments and payments if made but must be equal in amounts fifty fifty.

The term sheets the feasibility study also states that the $5 million in total will be used as follows about $2.8 million for working capital, $500,000 for statutory reserve requirements, roughly $600,000 for partial payment of accrued payments in lieu of taxes, taxes and rent about $500,000 costs related to acquisition and finally, about $600,000 cost of issuance.

Thank you.

Thank you. Back to you.

Okay. Alice McKenney

Thank you. And the last part that I will speak about is the regulatory concession that Mr. Heeran spoke to earlier. Regulation 140 requires that all CCRC upon operation must have to, at the minimum, meet the minimum liquid reserves and call it MLR for short. The MLR comprises two components they're two funds. One is called the debt service fund and the other is the operating fund. Now, the debt service fund, as the name of the suit, is meant to pay debt on the bond structure. The operating fund is meant to save money, inaudible money for operations, and the reg requires to be fully funded and they won't. However, we get a regulatory concession recognizing the special circumstances here. And the Knolls at Goshen has promised to what we call a step-up schedule on day one in Ergys Please keep me honest here. On day one, they will fund 250,000 in each of the two reserves and then at the end of year one, or is it year two?

Ergys Shanaj. End of 2024.

Alice McKenney. End of 2024, they will be at 25% and then the next year at 50%. Then the following year at 75% and then in the fifth year at 100%. So that is what we call the step-up schedule, and that is the regulatory concession that we gave. That concludes the financial piece unless anyone has any questions? I do want to highlight there's some other conditions that we granted our recommendation of approval line.

Two things are highlights is a good example is monthly reporting by the Knolls at Goshen goes to the regulators so that we can have regular updates on the occupancy and the sales, to make sure that things are progressing as planned and other things such as a final summation of the bond documents and things of that nature. But it's all the same in the exhibits. So again, happy to answer any questions.

Madeline Lee. Sorry, this is just gross ignorance because I don't think 75% of what you're.

I'm sorry.

I'm Maddy Lee is.

One of this your second resident?

Mike Heeran. Nope. You're the only one currently seated.

Madeline Lee. The source of those step up funds. I mean, it sounds great. You hear 25, 50. Where's that come from?

Alice McKenney. Actually that's a great question. I think that would be loaded for the Knolls at Goshen to answer if they are here today.

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Mike Heeran. So can the applicant come forward?

Beth Goldstein. Sure. Step up where?

Mike Heeran. Well, come on up so you can hear. I'll move over to the end so you can take a seat.

Mark Furnish. When you sit down introduce yourselves for the record.

Mike Heeran. get out of your way your way that way to get here you.

Hi, I'm Beth Goldstein. I'm the CEO of Bethel Communities Management.

So when we took over the Knolls in Valhalla, we requested a similar type of bump up of the minimum reserves. So based on the feasibility study and the actuarial study and how the cash flow is coming in, um we worked with everyone to come up with what we felt was realistic as far as being able to meet those reserves, based on the data and based on the profit margins, etc..

Madeline Lee: I'm sorry. I really am significantly ignorant about this. The source of that, which sounds optimistic to me. But does that mean that they have to be at a particular occupancy in order to achieve that?

Beth Goldstein: It's based on entrance fee cash coming in. It's based on operating supplies, etc..

Madeline Lee: Only through baseline of occupancy rate.

Beth Goldstein: Yes, that's all. It's all based on the feasibility study which talks about what our occupancy will hopefully be over the next five years.

Madeline Lee: And what is it.

I'm Anastasios Markopoulos. I'm the COO, CFO of Bethel Communities Management. We ultimately increase to 85% occupancy.

Madeline Lee: And you have to maintain that as an average over this period of of.

Anastasios Markopoulos: No, we increase, FRM medium average to be 85. We increase each year after establishment. And so we were increasing at the end of 2023 Of our goals to be at 82 occupancy.

Madeline Lee: And I'm sorry, where are you now?

Anastasios Markopoulos: 62. and then end of 2024 we're going to 99 apartments. And 2025, 108 and 2026 118 and then 126, which is 85%.

Madeline Lee: Thank you.

Can I ask a question while you're here please? This is Wayne Kaplan Member of Council. Those are projections. What if you don't meet them?

Anastasios Markopoulos: That's why we asked him to step up on the reserve, so it buys some flexibility.

Wayne Kaplan: So that gives you some room. What if you don't meet those projections? Then you can't meet the step up in reserves. You know what? About 25, 50, 75, 100.

Anastasios Markopoulos: Our projections show that we should be able to meet them. And that's why we're only going to be 85%. Ultimately, you want to see CCRC you get to 95%. But we're going to 85 as being very conservative.

Wayne Kaplan: I understand that. Let me ask the same question again. I don't mean to you a hard time. Your projections. Show that's what you expect to be. What if we don't get there? How do you how do you fund 7 you have 57 now 100?

Anastasios Markopoulos: Everything that we've done, and that's why we've built in some operating cash. To start. I think we're at a little 2. A little over two and a half million dollars that we. built in originally for cash flow to help us get operational. We're Planning on doing the renovations to the building. We're changing um, we're changing the product and which we know the markets there. We've done all the studies. We've had our internal consultants review us. We hired Forvis for Us to do a ten year study. And we're pretty confident that when we get us those numbers.

Beth Goldstein: And we we've been managing it since 2019. So we, we, we know the market like we know what sales have been in sales. We know the waitlist that we have of people waiting for us to take over, that we're waiting for BCM to take it over so that then they would move in because they would have more confidence in us as the current as being the new operator. So we're very confident in those numbers based on the marketing that we've been doing and knowing the number of apartments that we have and even our history. I know Westchester different then Orange County, but based on everything our experience has been, those are very conservative numbers and we don't think there should be an issue meeting them.

Mark Furnish: Any more questions?

Jennifer Allinson, Council member.

So I understand that part of the contingency for approval is providing those financial statements. I believe the council will want to be updated and as frequently as possible. I'm not sure what's reasonable, you know, how often the reporting should be. But you know, because these benchmarks are so time sensitive and we have a lot of moving parts here and a lot of, you know, projections, we want to be comfortable that things are in the right direction.

Alice McKenney: Yes, we're happy to come back to the council. And any time that the council changes are appropriate, you know, with the applicants to provide updates.

I'm Mark Furnish, Chair of the council, I have a two part question the first goes to DFS, and then over to the applicant. You mentioned and Jennifer alluded to it, the reporting requirements that you are requesting. Can you go over what you need in the timeframes involved for that?

Alice McKenney: Yes, I guess I'm going to defer to you here. There's well, there's there's multiple sorry. Alice McKenney, DFS. there are multiple components to the reporting and there is regular reporting of the financial statements, and that's done by them. And then we have them on a monthly, monthly in the beginning. And but then as for as a condition for approval for this transaction, there's extra reporting, I'll call it non-standard reporting that we have required as well. And that report that includes I'll take the opportunity rates, how many sales, maybe sales that you make outside and the cash flow projections.

And Ergys please help me out..

Ergys Shanaj, DFS. You know, of increase and decrease in independent living occupancy, as Alice already mentioned, performance against key financial indicators such as this cash on hand, debt surface coverage ratio and any other enhanced reporting as deemed necessary by the DFS and the DOH should the need arise. We'll be keeping a very close eye on this on this community to make sure that the milestones are being met on a monthly basis.

Mark Furnish: Thank you.

Alice McKenney: And to Mr. Kaplan concerns, we asked the same question. What if the projections are not there? However, we felt confident, and you know, with the BCM's track record at the Knolls at Valhalla, they've done it unlike any other CCRC situation. They have done this before. So that gave us a little more confidence as well on top of the monthly reporting.

Mark Furnish: And then a second part to my question. You've heard with the requiring the DFS on a monthly reporting and what's involved with that, do you feel that you're able to do that on a timely basis each month? Is it realistic?

Beth Goldstein: We do that now, but we've been doing monthly reporting for the Knolls in Valhalla for years and now we're, I think, up to quarterly reporting. So yeah, it's nothing that we ordinarily do.

Mark Furnish: So on time and monthly is feasible.

Beth Goldstein: Some months a little later

Alice McKenney: I'm going to say that sometimes you do a little bit. But we know you're busy doing these transactions right now. We hope going forward be on time.

Mark Furnish: Any other questions from the council?

Jennifer Allinson This is for everyone here at the table. So what impact will the purchase of Glen Arden and have on the skilled nursing Home that Bethel operates and the other facilities that Bethel operates? And I particularly ask this question because, you know, in preparing for today, I looked at audit of the financials for some of these organizations in the Bethel universe, and they're registered with our office, the Attorney general, the Charities bureau. And we noted that the 2021 audit of the skilled nursing facility had a statement of growing concern, and that was the 2021 audit. So I'm not sure what 2022 will say. But there's some concern that if one is suffering, you know, how is this purchase going to impact that facility?

Beth Goldstein: So that facility has officially been sold. Okay. So it's no longer part of the Bethel community. So there won't be any impact on….

Jennifer Allinson: which one sold?

Beth Goldstein: Bethel Nursing and Rehab Center. That's the one that you're talking about?

Jennifer Allinson: Actually, I'm talking about Bethel Nursing Home Company, Inc.

Beth Goldstein: Well, that's our small 43 bed nursing home, which now is, you know, doing fine. So that was during COVID and I think everything else. So that's fine. There won't be any impacts, there's no impact. And again, the sale of Bethel Nursing Rehab Center was our biggest component that we needed to take.

Anastasios Markopoulos: That sale made the organization stronger.

Jennifer Allinson: Will this statement be removed from the audit In 2022?

Beth Goldstein: Bethel Nursing Rehab Center will still be on 2022 by Bethel Nursing Home Company.

Jennifer Allinson: So that was the entity that had the going concern statement in its 2021 audit. I have it here.

Beth Goldstein: it will have no impact. I guess that will have no impact. Actually. The sale of Bethel Nursing and Rehab Center funds from Bethel Nursing and Rehab Center went into Bethel Nursing Home. So there will be no issues.

Anastasios Markopoulos: Which is why it will help support Bethel Nursing Home, in the future of the sale of the nursing home.

Jennifer Allinson: Okay. I don't know if DFS has any.

Alice McKenney: We do not have comments or questions on the other regulated entities since our purview is limited to the CCRC at hand.

Jennifer Allinson: So you guys don't look at how the purchase of the CCRC might impact the other affiliates of Bethel.

Alice McKenney: Yeah, unfortunately the again, we don't have purview to let me take a step back, but I can use New York insurance law as an analogy article 15 power 203 the entire income fee. I think our jurisdiction is limited here and how we assess the entire holding company.

Ergys Shanaj, DFS. But any transactions between the CCRC and any of the entities on the holding company system are subject to DFS review and approval. So those terms need to be at arm's length. So we did review those.

Alice McKenney: And as of a fact, that is one of the continued contingencies as part of our conditional for approval are you done.

Jennifer Allinson: I have one more, I'm so sorry Brian.

Mark Furnish: It’s ok. Ms. Lee you're next.

Jennifer Allinson: I notice also that the Knolls at Goshen is not registered with our office yet as a as a charity. So we would like to see that registration completed before a certificate or a certificate of authority be contingent upon their registration being completed. Since is now 510c3 and it's not operational.

Kristina Wesch: Understood.

So this is Mark Furnish. You want that as part of the contingencies on the, on this, so.

Jennifer Allinson: Okay. Yes.

Mark Furnish. So we should vote on that now, let’s add that to the exhibit. So all in favor of adding of what’s you so, want do you want?

Jennifer Allinson: That, the Knolls of Goshen register as a charity in New York State with the New York State Attorney General's Office.

All in favor of adding that as a contingency to this approval? If it's possible Aye.

Aye. Any Objections? Let the record reflect that that's added to the exhibit.

Mark Furnish: Thank you. Uh Ms. Lee you have any questions?

Madeline Lee: This is a long range, large kind of question, but I read the minutes for my sins of the last meeting, and one of the concerns that was raised by operators was what they felt was an excessive amount of regulation, supervision required of boards. And there was nice language in there about how we were going to work on that. Hearing all this, and I recognize that it's a different situation, but I'd like to find some way to keep that in mind and not have it just disappear in the smoke and the light.

Mark Furnish: I agree. Go ahead.

Thank you. Brian Nealon, a member of the council. And this is sort of an ancillary comment to you, Jennifer, but I know of at least five nursing homes in the capital region that are trying to not get or will get a going concern in their financial statements. This is a horrific period of time in the nursing home world in New York state. And so it does not surprise me that got there was a growing concern in, you know, at my facility in Saratoga, we were inches away from getting it. We were able to avoid it. It is just a brutal reality of how precarious most nursing homes operate in today's environment.

This is Wayne Kaplan, member of the Council. I agree with you. Besides the news, I'd like to hear that entire assisted living industry is going through the same horror show. So the whole senior housing world, it's not just nursing homes and CCRCs. It's everybody.

Mark Furnish: Any other questions or concerns from the council? Any questions from the public or comments from the public?

Mike Heeran: We did have two general comments. One actually came in with the CON for the nursing home, which has already been approved as the same as the comment that we also received when it received a phone call, which was just to ask, which we did, to address the current obligations of the current contracts as part of this transaction. We did review it and it's on page three of the exhibit. So it was fully addressed. And I just want yo note that.

Mark Furnish: All right. With that, we'll vote on the motion to approve the motion that we've made previously. All in favor of of this signify by saying Aye.

All CCRC Council members: Aye.

Any objections? Any abstentions? The motion passed.

Mark Furnish:: Second is a request to approve the use of an assumed name for the Knolls of CCRC, located in Valhalla in New York. During the review of this application, as I stated earlier, for the Knolls at Goshen it was recognized that there may be confusion in the public when referring to the affiliated CCRC operating under the Knolls preface in relation to and as a result of the proposed establishment of the Knolls at Goshen. The Department requested at Bethel Methodist Home, doing business as a Knolls to submit paperwork for use of an assumed name change for the Knolls CCRC in Valhalla, New York.

Department of Health regulations require that the CCRC council approve uses of assumed name changes for CCRCs. So now we're just voting on this name change and I have a motion to approve the change in the use of an assumed name of the Knolls located in Valhalla, New York, to the Knolls at Valhalla.

Madeline Lee: So moved.

Mark Furnish: Ms Lee And then, Mr. Williams, seconds.

So does anyone have any questions or comments about this? Any members of the public.

Hearing none all in favor of approving the name change say Aye. Aye. Opposed? Any objections? Motions passed.

So we're on to the second item on our agenda, Summit at Brighton CCRC.

Next agenda item is a request to add WolK Manor Adult Care Facility to the Summit at Brighton CCRC Certificate Authority. We had a discussion of this at our March 2nd, 2023 CCRC Council Informational Conference on a request by the Summit of Brighton CCRC to add Wolk Manor Adult Care Facility to the certificate of authority to the Summit at Brighton CCRC. At that March 2nd meeting, DFS staff presented the need for this action as part of a plan of correction of certain financial requirements for CCRC, as agreed to by the Summit at Brighton CCRC and the Department of Financial Services. DFS staff are here today to discuss this request if needed. Once the motion has been made.

Can I have a motion to approve adding Wolk Manor and Enriched Living Center to the Certificate of Authority of the Summit of Brighton, CCRC for the limited purpose of subjecting WolK Manor enriched living center to financial reporting requirements for CCRC, including New York State Public Health Law, Article 46, Section 4607, 4611,4614 and New York State Insurance Regulations for CCRCs. Can I have a motion.

Brian Nealon: So moved

Mark Furnish: Mr. Nealon on first. Mr. Williams Second.

Any questions or concerns or comments related to this from the council? Any members of the public hearing? Hearing none at all in favor of this, signify by saying Aye.

All CCRC Council members: Aye.

Any objections? Any abstentions? The motions passed.

Mark Furnish: Finally, the last agenda item today is the update on Harborside CCRC. Next agenda item is an update on the Harborside, CCRC and the federal bankruptcy filed by the CCRC. I asked Mr. Heeran of the Department to provide the Council with brief remarks on the federal Chapter 11 bankruptcy case filed on March 22nd, 2023, in the United States Bankruptcy Court for the Eastern District of New York.

Mr. Heeran just going to provide a brief statement.

Mike Heeran: On March 22nd, 2023, Amsterdam House Continuing Care Retirement Community doing business as the Harborside filed a petition in the United States bankruptcy court for the Eastern District of New York, seeking relief under Chapter 11 of the United States Bankruptcy Code. The debtor's case has been assigned to Judge Alan Trust. The docket can be accessed through the website maintained for the United States Bankruptcy Court for the Eastern District of New York at www.nyeb.uscourts.gov and the case number is 23-70989.

The petition filed seeks to establish a bankruptcy the auction sale of the assets of the Harborside. And that's similar to what happened with Westchester Meadows.

The intention of the action is to transfer the control of the asset through affiliation or sale and preserve the property as a CCRC.

The Harborside is required to self-report operational information to the court and the Department of Health every 14 days. At this time, we are not aware of any health or safety issues, and services continue to be provided to residents as per the residency agreements.

The court proceedings are still in their initial stages. We expect to have further information available for the CCRC Council later this summer.

Any transfer of control of the harborside will require CCRC Council approval under public health law, Article 46 and DOH regulations for CCRCs. We will schedule a CCRC Council meeting to provide details on the outcome of the proceeding once the court has approved the plan.

Mark Furnish: Three that completes the official business of the CCRC board.

Now, we've got do some more housekeeping motions to make, and then we can adjourn.

Our last agenda item is the approval of the transcripts for the May 24th, 2022 CCRC Council Meeting.

The transcript from the last official meeting of the Council was distributed to Council members prior to this meeting. Transcript contains the discussions that we had and will serve as the minutes for the Council meeting as authorized by the Council bylaws. The Department has conducted some revisions to correct names, provide punctuation and clean up legal citations before we make a motion to adopt that Transcript. Is anyone else have any additions or changes that they would like to be considered? Hearing none can I have a of motion to approve the transcripts of the May 24th, 2022 CCRC Council.

Mr. Kaplan first, Mr. Nealon second.

Any questions or concerns? All in favor?

All CCRC Council members: Aye.

Opposed? Any objection? It's passed.

And then finally, at this point, I would like to make a motion to adopt a transcript from the 19th 2021 meetings, to act as minutes for the CCR Council meeting. So the same this is just for the October 19th, 2021 meeting. So can I have a motion to approve the transcripts?

Mr. Kaplan. First and Nealon second, all in favor?

All CCRC Council members: Aye.

All opposed? Any abstentions? It's passed.

That concludes our schedule for today. Before we adjourn, I'd like to recognize that Councilmember Wayne Kaplan submitted his resignation from the CCRC Council, effective tomorrow, May 12th.

He served for over thirty-three years on the CCR Council, having been appointed by Governor Mario Cuomo, and at that time he didn't have any Internet connection and today he does so you know, you've come full circle he's the only CCRC council member to continue to serve when the CCRC Council resumed active meetings back in 2016. We want to publicly recognize his dedication and service to this council before he officially entered service tomorrow. We wish you the best in your future endeavors and welcome you to continue monitoring the CCRC Program activities.

Wayne Kaplan: Thank you very much.

Mark Furnish: And with that, does anyone else have any other business I'd like to discuss before we adjourn?

Madeine Lee: I want to stress that in reading the minutes, there are a lot of things we talked about. It would be great if we could. And we kindly ask what kinds of things? What happens next to those things?
Mark Furnish: You have things in particular you mean?

Madeine Lee: yes, my my current bugg is this whole question of trying to ease the regulatory burden on the CCRC, and I don't see how that's going to happen if we kind of just, you know, hope and congratulate the operators and say they're doing a great job. That's not how things get changed. I'm not sure how things will get changed in state government, but I think that ones real will. I think the amount of stress on the staff and not on the staff and I didn't discuss this with the staff before again, but I know how often we're told as residents that there's a task force from somewhere in the state, inspectors from somewhere else, and the auditors in the third place and so on. It's hard enough to run a CCRC. Forget this stuff. Is there anything we can do about it if it's our job?

Mark Furnish: Well, I can tell you that since I've taken over this council, we've had two meetings. This one had a large book of business that some, you know, the neglected or not neglected. That's a harsh word. It's been not reviewed for a long time. We've got that done. Now we've got a little bit of breathing room. Next step is to talk about reforms, regulations, changes, things like that that we need. So over the summer, we're going to work on those changes. Hear from you, other stakeholders involved, see what changes and make what makes sense. And then have another meeting of the CCRC Council to go over those regulations with you. And you know, and in fact, before we start the public comment process so that we are on a more aggressive track with the CCRC Council business. So thank You.

Thank you. Brian Nealon, member of the Council with Wayne's Departure. Just kind of curious where we are at least getting new members to the council. I know Mike works hard at this.

Mike Heeran: So we are actively recruiting. So I'm webcasting over the internet here. Anybody is interested, they can contact CCRC@health.ny.gov. I hope that in what we do, we actually have packets prepared in various stages of going forward. The new members for every seat, now we have to add Wayne’s seat to the vacancy list, but all. But there are candidates for all but one that has never been filled. So we had 7 active members, before Wayne resigned, out of 11 seats. 10 of the 11 we had nomination packets for or members serving. We have somebody very close. She did not make this meeting and is another resident consumer to replace Harriet Barnett. We're hopeful she's at the end stage that she will be appointed soon and confirmed by the Senate.

Madeline Lee: Not a good phrase to use. End stage in a senior.

Mike Heeran: So we will have other people in the works. We have reached out to Council Operations, and expressed to the people that have to approve this outside of the Department of the necessity to move on these packets. So but they do, they are Governor appointed, Senate confirmed. So the confirmation does have to come while in legislative session. So we're hoping to see how many we can get done before session ends. We'll build the membership. I think we'll get there.

Brian Nealon: Thank you. Appreciate it.

Mike Heeran: I'm working hard at it.

Mark Furnish: Anything else before we adjourn. So the final motion today is to adjourn.

Can I have a motion to adjourn?

Wayne Kaplan: I'll make that one.

Brian Nealon: Second.

Mark Furnish: All in favor?

All CCRC Council members Aye.

Mark Furnish: Any opposed? Any abstained? Alright. Thank you, everyone.

We're adjourned