



**CEDAR SINAI PARK**

love. honor. respect.

**BOARD OF TRUSTEES MEETING MINUTES**  
**Wednesday June 3, 2015 – 5:00 to 7:00 p.m.**  
**RJHC – Synagogue**

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- PRESENT:** Lance Steinberg, Ivan Gold, Carol Koranda, Martha Soltesz, Rachael Duke, Susie Marcus, Liz Lippoff, Linda Veltman, Beverly Stein, Arnie Silver, Eddy Shuldman, Jeff Reingold (via telephone), Elise Brickner-Schulz, Andrew Rosengarten, Michelle Gradow, Jim Winkler and Michael Feves
- ABSENT:** Evelyn Maziels, Paul Frisch, Albert Menashe, David Forman, Donna Jackson, Jack Menashe, Paul Labby, Sharon Weil, Leslie Gellar, Deanne Froehlich, Sharon Morell, and Joanne Van Ness Menashe.
- STAFF:** David Fuks, Jack Honey, Sandra Simon, Bobbie Jenkins, Jenean Lindbeck and guest, Alisa Miller (from MHS via telephone)
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**GREETINGS & DETERMINATION OF QUORUM**

Lance Steinberg determined that there was a quorum at this meeting. He introduced Michelle Gradow who is the new President of the Friends of Robison (formerly the Sisterhood).

**D'VAR TORAH**

Eddy Shuldman gave the D'Var Torah at this meeting.

**END OF FISCAL YEAR LETTERS**

Elise Brickner-Schulz asked Board members to sign letters that are going out to friends who have been past donors asking for their support as this fiscal year comes to a close. Each Board member took a small packet and the work was quickly accomplished.

## **PROFORMA PRESENTATION**

Alisa Miller, from MHS Consulting, joined via conference call to present a walk-through of the Proforma (projected summary of financial information and summary of significant projection assumptions for repositioning the Health Care Center). Highlights of Alisa's discussions included the following:

The existing Health Center is converted to a 44 bed short term rehabilitation nursing center and 4 newly developed Green Houses® of 12 beds each for a total of 92 operating beds at project end.

The project should be evaluated based on its contribution to operations, ability to support debt and how it aligns with CSP's mission. The project would add \$18M in new debt and total project cost is about \$31M.

Operational changes are based on Management's plan to implement industry best practices and re-align net operating margin with industry benchmarks. Assumptions are related to increasing the number of Medicare days, and is a significant increase compared to current and historic Medicare volume. The basis for assumptions include the 2014 Audit, the 2015 Budget and 2015 YTD actuals and adoption of the Green House® Model.

Interest rate was based on the rate as of February 2015, and can be over or under that rate depending on market fluctuations. The assumptions do not include the consolidation of JFCS. Bobbie noted that we have not shopped rates yet, and interest percentage could be in the 3.75-5.0 range, but will depend on current rates. It's probable that the rate won't be locked in until September.

Inflation averages 3% on all revenues and expenses, but excludes Medicare and Medicaid. Occupancy at end of project is estimated at 91% for Rehab and 96% for the Green House®. Sandra noted that projections were run on two scenario's, one with Rehab occupancy at 91% and another with occupancy at 84%. Long term care occupancy is expected to remain fairly constant. Jack Honey noted that based on calls that are coming in, those who don't chose the Robison facility do so due to a lack of private rooms. Rate assumptions for Medicare, HMO and Medicaid are expected to stay flat, with Private pay being a more variable rate. Jack reported that we probably won't have much private pay as these contracts have to be individually negotiated. The assumption is that 40% of the Green House® population will be Medicaid and 60% Private pay. David Fuks noted that with this model, we will continue to provide services to low income residents. Sandra Simon reported that the Green House® representatives are on campus this week conducting focus groups with staff, residents and families and we are leaning heavily to this model.

Regarding Estimated Sources and Uses of Funds, Alisa noted that the source of this data was both from Management and the Underwriter as of February 2015 estimates and is subject to change.

Risks include operational changes that are not implemented as planned, changing interest rates and financing options, fill-up risks, project over-runs or cost increases, the ability to collect pledges and ability to compete in a changing market that is trending toward private rooms.

Based on projections to 2020, funds available for debt service exceed annual debt service coverage ratio ranging from 2.38 to 4.64. Jim Winkler noted 1.75 or over is the common standard. Total days cash on hand ranges from 112 in 2015 to 208 in 2020. These ratios will hold and manage the debt we expect. RSM has been providing a surplus plus covering their debt and we expect that to continue. Further, we expect to reduce the interest rate currently carried by RSM by rolling it into CSP debt and financing at a lower rate.

David Fuks thanked Bobbie Jenkins and Sandra Simon for their many hours scrubbing the numbers, digging into the details on staffing and operational costs, and for providing a better financial picture for our nursing enterprise than any other past model. He also noted it is important to accept this model in order to move forward.

**MOTION: It was MOVED and SECONDED by Mike Feves and Ivan Gold to accept the Proforma. The MOTION CARRIED with no votes in opposition.**

#### **MANAGEMENT OF CONSTRUCTION DEBT**

David Fuks began discussions by reporting on the process that Bobbie Jenkins and Sandra Simon have been working on as they have sought input from PiperJaffray, Cain Brothers, and Ziegler. Cain Brothers has been selected as they provide service to virtually every other long term care industry in the Northwest. They also will help to generate business alliances to assure service of our debt. David noted that we need to delegate authority to the Executive Committee to move forward with the debt process with the understood ultimate goal to have the Board make the final decision at the August Board meeting, providing we are ready by that time. Our construction team is working on a schedule to determine the timing of construction funding and we may not need to start drawing on the debt until a later date. Ground Breaking needs to take place in July.

**MOTION: It was MOVED and SECONDED by Rachael Duke and Bev Stein to delegate authority to the Executive Committee. The MOTION CARRIED with no votes in opposition.**

#### **PROPOSED SALE OF PROPERTY**

Andrew Rosengarten reported on the proposed sale of a retail bar/restaurant on NW 21<sup>st</sup> and two unimproved residential lots on SW Shattuck Road. Discussions have been ongoing for the last couple of months on selling these excess properties. Brokers Opinion of Value have been received. For the O'Brien building on NW 21<sup>st</sup>, an offer of \$900K has been received from Board member Mike Feves. We received two BOV's on this property and the highest was \$900K. Andrew noted that the BOV's take into consideration the competitive market and Jeff Reingold agreed. If this offer is accepted, we would save the Broker fees involved. The O'Brien Board has approved the sale. Additionally, our legal counsel recommended an official appraisal be obtained to prove \$900K is a reasonable price. CSP will obtain the appraisal at a cost of

\$3,500. Jeff Reingold recommended going to market as the bid price could come in considerably more in the competitive market in this area of town. Andrew noted that we also considered holding the property for a few more years, but in terms of obtaining the bridge loan for the new building, it would be more advantageous to have the additional cash on hand, while also saving the broker fee. Linda Veltman asked if there were any ethical issues in selling the property to a Board member. David Fuks noted that was the reason we sought advice from our legal counsel; to avoid any question on the ethics of the sale. Ivan Gold added that the offer is more than the BOV's on the property, and that our Conflict of Interest Policy allows us to proceed with the sale as well as having passed review by legal counsel. David Fuks noted that the objective in the sale is to meet revenue as required in the Arlene Schnitzer agreement. He reported that we are still waiting to hear on the Weinberg Grant request. David Fuks recommended we pass both resolutions and take the sale of the Shattuck Road properties to the membership at the Annual Meeting. Jim Winkler reminded us that \$900K is at the high end of the BOV, and as the property was donated to CSP, it would be a good idea to keep the funds designated as a gift and also to thank that donor. This is fundamentally a transfer of a bequest that has been monetized to the Capital Campaign.

To avoid any conflict of interest, Mike Feves recused himself from taking part in the vote.

**MOTION: It was MOVED and SECONDED by Liz Lippoff and Elise Brickner-Schulz to approve the resolution to sell the property on NW 21<sup>st</sup> as passed by the O'Brien Board. The MOTION CARRIED with no votes in opposition.**

Additional discussion took place regarding the sale of the two properties on SW Shattuck Road. These two unimproved properties total about one acre. Three developers have given their estimate of value at, or near, \$850K. Our legal department recommended we take these lots to market and to use Deborah DuFresne of Re/Max to handle the sale.

**MOTION: It was MOVED and SECONDED by Jim Winkler and Ivan Gold to approve the resolution to sell the two properties on Shattuck Road and present it to the Members at the Annual Meeting. The MOTION CARRIED with no votes in opposition.**

#### **ALLOCATION OF PROCEEDS FROM SALES**

Discussion focused on allocating \$1M of the sales to the Capital Campaign and dedicating the remainder to 1) training and staff development for the long term care model based on conversations with the Green House® representatives and 2) contributions to cash flow as it will doubtless be impacted by construction. David Fuks reminded us that two gifts are contingent on our meeting the capital campaign goal of \$19.35M. Also, if the Weinberg Grant comes in at the amount we requested, we would have less debt to carry if we allocate \$1M to the capital campaign. The Board would like to see further detail on the costs of training. David Fuks noted that it would be wise to have a reserve of funds for construction to cover unforeseen costs and assure we have adequate cash flow.

**MOTION: It was MOVED and SECONDED by Linda Veltman and Liz Lippoff that all proceeds of the O'Brien sale be designated as a gift to the capital campaign**

**and that the proceeds of the sale of the Shattuck properties shall go to the CSP Board Designated fund. The MOTION CARRIED with no votes in opposition.**

#### **DATE OF GROUNDBREAKING**

David Fuks reported the proposed date of groundbreaking is July 15<sup>th</sup>. The groundbreaking ceremony will take place at the West end of the building. Details will be forthcoming from Teri Patapoff of the Development department.

**MOTION: It was MOVED and SECONDED by Elise Brickner-Schulz to approve the groundbreaking date of July 15<sup>th</sup> and authorize the initiation of the capital construction project. The MOTION CARRIED with no votes in opposition.**

#### **APPOINTMENT OF PAUL NORR TO THE KEHILLAH BOARD**

Sandra Simon led discussion on the proposed appointment of Paul Norr to the Kehillah Board. Paul's Bio was presented.

**MOTION: It was MOVED and SECONDED by Susie Marcus and Jim Winkler to approve appointment of Paul Norr to the Kehillah Board. The MOTION CARRIED with no votes in opposition.**

#### **APPOINTMENT OF ABE FARKAS TO THE FOUNDATION BOARD**

David Fuks led discussion on the proposed appointment of Abe Farkas to the Foundation Board. Abe's Bio was presented.

**MOTION: It was MOVED and SECONDED by Susie Marcus and Carol Koranda to approve appointment of Abe Farkas to the Foundation Board. The MOTION CARRIED with no votes in opposition.**

#### **NEW BUSINESS**

Ivan Gold gave a quick update regarding the consolidation with JFCS and noted that four members of the CSP Board would move to the JFCS Board. Sandra Simon will be President of the JFCS Board. If any CSP Board members would like to volunteer for the JFCS Board, please notify Ivan or Sandra. The finalized consolidation agreement will be sent to the Board on Thursday, June 4<sup>th</sup> in order to allow review before the scheduled Annual Board Meeting to be held on June 11<sup>th</sup>.

Cedar Sinai Park  
Board of Trustees Meeting  
June 3, 2015

**NEXT MEETING**

The 95<sup>th</sup> Annual Meeting will take place on **Thursday, June 11, 2015**. The evening will begin with a **Dessert Reception in the RSM Holzman Dining Room from 7:00 – 7:30 PM** and the **Annual Meeting will be held from 7:30 – 9:00 PM in RSM Zidell Hall**. At this meeting we will honor Arlene Schnitzer, the Ron Tonkin family, Ralph and Sandi Miller, the Holzman family and Jim Winkler.

Minutes Recorded by,

Jenean Lindbeck,  
Executive Assistant/Board Liaison

Liz Lippoff, Secretary  
CSP Board of Directors