

MINUTES

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA INC

May 11th, 2024

The Board of Directors of the Masonic and Eastern Star Home of North Carolina Inc. convened its regular session at 9:00 am on Saturday May 11th 2024.

MESH BOARD MEMBERS PRESENT

Mr. Gene Jernigan, Chairman; Mr. Don Kehler, GM; Mr. Edward Johnson, II; Mr. David Sawyer, Mr. Joey Transou, SGS; Mr. Bryant Webster, Mr. Rick Patton, Mrs. Betty Jo Yommer, WGM; Mr. David Bramigk, WGP; Mrs. Amy Jo Fischer Hoth, AGM; Mrs. Linda Hyatt, Mrs. Linda Burris, Mr. Allen Hughes, Mrs. Linda Bonner, and Mr. David Griffith

MESH BOARD MEMBERS ABSENT

Mr. Robert Rideout, DGM; Mr. Steve Norris, SGM; Mr. Randy Browning, III.; Mr. Tommy Mills, Jr., Mr. Edward Earl Wells

ALSO PRESENT

Mr. Mark Lewis, Executive Director; Mrs. Archana Patel, Executive Assistant; Mrs. Tracy Armwood, Director of Human Resources; Mrs. Nikki Stafford, Director of Financial Services; Mrs. Marie Dunn, Director of Sales and Marketing; Mr. Josh Hillegass, Health Services Administrator; Mr. Ray Robinson, AL Manager; Mrs. Misty McAden, Chaplain; Mr. Jacob Elliott, Life Care Services; Mrs. Susan Brewer, Life Care Services; Mr. Gene Lewellyn, Resident; Mrs. Donna Newton, Resident Council President; Mrs. Jo Ann Cox, Resident; Mr. George Troxler, Resident; Mrs. Jo Ann Cox, Resident; Resident; Mrs. Norma Underwood, GC; Mrs. Lori Adams, AGC; Mr. Alvin Billings, GRM; Mr. Philip Johnson, JGD; Mr. David Cashion, JGS; Mr. Ben Crissman, NCMF Chair; Mrs. Susan Matney, OES Foundation Chair; Mr. Mack Sigmon, PGM; Mr. Norman Goering, Committee on WhiteStone; Mr. Michael Harrelson, Committee on WhiteStone; Mr. Paschal Dobbins, Committee on WhiteStone; Mr. Herman Reeves, Committee on WhiteStone; Mr. Jim Hyatt, Mr. Jeremy Hicks, CLA

INVOCATION

Mrs. Misty McAden, Chaplain, led the invocation.

CALL TO ORDER

Chairman, Mr. Gene Jernigan called the meeting to order at 9:00 am. A quorum was present.

MEETING MINUTES / BOARD COMMUNICATION

Motion: It was moved, seconded, and approved by majority to accept the minutes for the Regular Board Meeting May 11th, 2024.

COMMITTEE REPORTS

Audit Committee

Mr. Gene Jernigan introduced Mr. Allen Hughes, filling in for Mr. Steve Norris, Chair of the Audit Committee. Mr. Jeremy Hicks of Clifton Larson Allen, LLP next presented the results of the 2023 audit. Board members were provided a copy of the audit report as part of the board packet.

Mr. Jeremy Hicks directed the board to the packet provided, which highlighted that the WhiteStone audit resulted in an unmodified opinion, the highest level of assurance offered as auditors. The objectives of the audit team are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This year, new auditing standards were established, which required a deeper dive into some systems and processes that are used by the organization that impact financial reporting, such as information technology (IT) controls. In the opinion of the audit group, the financial statements referred to above present fairly, in all material respects, the financial position of the Home as of December 31, 2023, and the results of its operations, change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. There were no disagreements with management, and no significant difficulties encountered in conducting the

audit. During testing, there were no material weaknesses or deficiencies noted with internal controls. Lastly, from a ratio standpoint, the days cash on hand ration, at two hundred and seventy-six days (covenant of one hundred fifty), and debt service coverage ratio, at 1.3 (covenant of 1.2), were in excess of the covenant requirements in 2023.

Mr. Allen Hughes, member of the Audit Committee, recommended that the board accept the audit as presented.

Motion: It was moved, seconded, and approved by a majority to accept the financial audit of the 2023 fiscal year as presented.

Mr. Gene Jernigan thanked Mr. Jeremy Hicks and his staff for a thorough audit and the efforts of Mrs. Nikki Stafford and her team.

Charity Committee

Mr. Gene Jernigan recognized Mr. Mark Lewis to provide an update on charity.

Through March, our charity has totaled 263,465, which is under budget for the year by 39,305. Compared to this time last year, charity care is down 30,197.

The Fraternal Friendship Program (formerly Masonic and Eastern Star Outreach Program) has accounted for approximately 30,544 in charity care through March, which is slightly under budget by 8,455. At present we are providing long-term financial assistance to seven (7) fraternal members through the Fraternal Friendship Program and fifteen (15) WhiteStone residents (four in AL/MC and 11 IL). There are currently five (5) applications being processed for assistance. Two of those applications are for assistance in moving to WhiteStone. Additionally, we have two (2) members that are on the waiting list to move to WhiteStone, having already been pre-approved by the Board of Managers. These members are awaiting the availability of funding before ultimately moving to WhiteStone. We currently have six (6) residential apartments available, once the funding is available.

Mr. Allen Hughes commented on the need of fundraising for the MESH LLC and Fraternal Friendship Program so that we can continue our mission to support brothers and sisters.

Also contained in tab 5 is the summary of contributions through the 1st quarter of 2024. Donations totaled \$292,637, which was less than budget this year by \$106,925, and down from this time last year by \$63,282. Major contributions YTD are highlighted in yellow, including the fourth quarter hardship reimbursement, and gift from the OES Foundation toward the capital campaign.

Board member donations through March (as reported in tab 5) totaled \$2,630, with twenty-four (24) donations received by ten (10) board members. This time last year, donations totaled \$1,905 with sixteen (16) contributions from nine (9) board members. As reported in the packet, board member donations to WhiteStone's general operating fund totaled \$2,430, and campaign for WhiteStone at \$200.

Mr. Gene Jernigan thanked the members of the Board for their contributions and encouraged those that have yet to donate to the general operating fund in 2024, to do so, in order to reach the board goal of 100% participation.

North Carolina Masonic Foundation

Mr. Gene Jernigan recognized Mr. Ben Crissman, Secretary of the North Carolina Masonic Foundation Board, for remarks.

Capital Campaign Celebration & Signage Update: Signage Production: We are pleased to report that the production of the new signage is nearing completion. This development is crucial as these signs will play a key role in enhancing our visibility and outreach efforts. We anticipate that the final production phase will wrap up shortly, aligning perfectly with our planned timelines. Celebration Event: In light of this progress, we are excited to announce that we are targeting a celebration event in the 3rd or 4th quarter of this year. This event will not only mark the completion of the signage but also celebrate the collective efforts and dedication that have brought this project to fruition. It will be an excellent opportunity to highlight our achievements and strengthen our community ties. Further details about the event, including the exact date and time will be shared as we finalize the arrangements. We believe this event will be a significant milestone for us this year and look forward to celebrating it together.

Fraternal Friendship Fundraising Strategic Plan Progress Highlights: Evaluating the Fundraising Landscape: We have completed an initial assessment of the current fundraising environment, identifying key areas for potential growth. This evaluation is guiding our efforts to tailor our

strategies effectively. Stakeholder Engagement: Ongoing discussions with current donors, both Masons & Stars, our board members, and representatives from MESH, LLC have been fruitful. These interactions have provided valuable insights that are critical to refining our approach. Mitigating Challenges: Potential challenges have been identified, and we are actively implementing proactive measures to mitigate these risks. This forward-thinking approach is designed to safeguard our initiatives and enhance overall effectiveness. Next Steps: As we continue to follow the strategic plan, our next focus will be on deepening engagement with potential donors and refining our outreach strategies to maximize fundraising effectiveness. We are committed to leveraging every opportunity to advance the Fraternal Friendship initiative.

Timeline Update: We steadfastly believe in the need to use measure in this strategic planning endeavor. We have experienced some time delays beyond our control; however, we still anticipate presenting the finalized plan within the timeline given last meeting. This will be time well spent and will ensure that we are well-prepared to launch the Fraternal Friendship fundraising campaign in an organized and effective manner.

Conclusion: The North Carolina Masonic Foundation highly values the collaborative partnership with Whitestone and appreciates your dedication to the success of the Fraternal Friendship initiative. We look forward to achieving our shared goals and celebrating our combined successes.

Mr. Gene Jernigan thanked Mr. Ben Crissman and the North Carolina Masonic Foundation Board.

Mr. David Griffith remarked on designating MESH LLC for recurring donations.

Long Range Planning Committee

Mr. Gene Jernigan introduced Mr. Joey Transou, Chair of the Long-Range Planning Committee. Mrs. Marie Dunn, Director of Sales and Marketing was called upon for an update on sales.

Mrs. Marie Dunn announced the one-year anniversary of Mrs. Meredith Cooper as the Marketing Coordinator for WhiteStone. The stability of the Sales Team has been a large contributor to the community's success.

Mrs. Marie Dunn presented an update, utilizing a new platform called Insight Advantage, which provides real-time data to improve operational performance. During fiscal year 2022, the

community collected \$7.6M in entrance fees, and in 2023 \$14M. Year to date, WhiteStone has collected \$6.9M in entrance fees, with \$1.1M yet to be collected in the month of May. The community has achieved thirty closings to date on a budget of thirty-six. Independent living is currently occupied at 90% to a budget of 82% but sold to 96%. The community is averaging 84% occupancy, with independent and assisted living / MC, and sold to 89%. This is important as the NC Department of Insurance requires a combined 90% occupancy. However, due to WhiteStone's expansion, we have been provided a grace period to achieve 90% occupancy until the end of 2024. The Sales and Marketing Team have shifted focus on deepening community recognition by focusing on external partners and ramping up local advertising.

Mrs. Susan Brewer, Regional Director of Marketing and Sales for Life Care Services, recognized the Sales Team, and the entire Team at WhiteStone, for being focused on sales. Professional development of the Sales Team has also been ongoing behind the scenes.

Mr. Joey Transou announced that we are coming up on our one-year anniversary of construction being completed and that means warranties. The construction team is coming together to perform walk throughs for the final punch list to capture any outstanding items.

Mr. Gene Jernigan congratulated the Sales Team for their results and expressed appreciation for their continued efforts. Additionally, Mr. Joey Transou was recognized for his ongoing support of the community and the construction project.

Finance Committee

Mr. Gene Jernigan introduced Mrs. Nikki Stafford, Director of Financial Services, to report on community finances through March 31, 2024, based on unaudited financials.

Mrs. Nikki Stafford announced the hire of Mr. Ryan Hester as the new Director of Information Technology.

Net Operating Income (NOI):

The first quarter closed with a NOI of 165k on a budgeted loss of (423k) for a positive variance YTD of 589k.

Operating Revenues:

- Revenue is over budget by 459k.

- IL revenue is exceeding budget by 171k.
- HC revenue is exceeding budget by 470k.
- ALMC revenue is under budget by (181k)
- Home Health revenue is under budget by (50k)
- Contributions are under budget by (107k) *please note these are budgeted on an annual spread.*

Operating Expenses:

- Operating expenses were under budget by 129k.
- GA and Plant Ops are over budget for quarter.
- While AL was under budget on revenue the department was also under budget on expenses however the department has a net combined loss of (65k)

Debt Covenants:

- Q1 covenants -- DCOH is 221 at year end (covenant is 150) and DSCR is 2.55 (covenant is 1.20).

As a reminder, the 2020-B2 Bonds approximately 9.1M were paid off in November 2023 and the 2020-B1 Bonds for 4M were paid off in March 2024. This also means that the entrance fees for any apartments in the Expansion IL building are no longer restricted to paying off the debt and can be used operationally.

Accounts Receivable:

- Days in AR started the year at 26.8 and has dropped to 24.9 – LCS’s goal is 18.
- Over 90 in the Health Center is primarily Private Pay. We did receive a 27k payment on 5/8/2024.
- Over 90 total AR for the community started at 33% and is down to 22%, on a goal of 15%.

Mr. Gene Jernigan thanked Mrs. Nikki Stafford for her ongoing efforts related to accounts receivable. He also referred the board to the investment statements behind tab 5 and thanked the NC Masonic Foundation.

Mrs. Nikki Stafford proposed that the board approve moving funds from a donated IRA account to the Unrestricted Reserve Investment account, managed by the NC Masonic Foundation.

Motion: It was moved, seconded, and approved by a majority to transfer the balance of the Fidelity account to the unrestricted reserve account with the NC Masonic Foundation.

Resident Communication

Mr. Mark Lewis directed the board to tab 7 of the board packet for minutes from committee meetings during the 1st quarter.

Mrs. Donna Newton, Resident Council President, provided remarks to the Board of Directors. Her comments were thoughtful and pointed to the great qualities of all the WhiteStone Leaders and Team members that serve our residents at WhiteStone. Mrs. Newton also thanked the Board of Directors for their commitment to the community and having the courage to contract with Life Care Services to keep the mission alive.

Mr. Gene Jernigan expressed appreciation to Mrs. Donna Newton for her service as Resident Council President. He additionally thanked the seven board members that attended the Resident Advisory Committee on Friday.

Management Report

Mr. Mark Lewis referred the board to tab 8 of the board packet for the management reports for the months of January, February, and March. The management reports will also be uploaded to the board portal moving forward.

Mr. Josh Hillegass, Health Services Administrator, was introduced and provided the board with an update from the Care and Wellness Center:

Introduction to New Team Members:

- Care and Wellness Center: Crystal Condy, Ellie Kaviani, Tina Burdick, Toshima Dabbs, Sarah Kate Myers
- Assisted Living: Ray Robinson, Anne Donaghy, Lora Mize, Claire Johnson

Reports:

- Census – Insight Advantage
 - Review of Census trends in Care and Wellness Center to include Medicare / Managed Care Payor Census trends. Through May the CWC has averaged close to 90% occupancy, on a budget of 90%. As of today's meeting, we are at 93%.
 - Review of Assisted Living Census trends to include discussion on natural attrition out of the Assisted Living.
- Payor Rates – Healthpro-Heritage (HPH):
 - Discussion of the ongoing HPH support of MDS Coordinator efforts.

- This engagement and support have helped to improve revenue with those MCR and HMO payors. Gaining about \$25 per resident per day during our engagement with HPH.
- 5 Star Report – Team TSI:
 - Review of the TSI Tool, how we can utilize it to prepare / predict, and how to utilize tool to focus efforts on improving Star Rating.
 - Discussion surrounding other TSI Reports (Not shown due to HIPAA) such as the MDS Indicator Report (Survey Sample Pool) and the Quality Measures Report.
 - Currently an overall 3 star, the annual survey of 2022 has negatively impacted our rating, and will remain in place through two more survey cycles.

Agency Elimination:

- Open Positions
 - 1st Shift:
 - Nurses: 1 FT, 3 PT
 - C.N.A.s: None
 - 2nd Shift:
 - Nurses: 3 FT, 3 PT
 - C.N.A.s: 5 FT, 4 PT
 - 3rd Shift:
 - Nurses: 1 PT
 - C.N.A.s: 1 FT, 2 PT
- Agency Elimination Team:
 - Team Members
 - Josh Hillegass, Crystal Condy, Tracy Armwood, Tina Harris, Nikki Stafford, Laparish Grier, Angel Barnes, Jennifer Robards, Kaylee Sandridge
 - Objectives
 - New/Adapted Recruitment Strategies
 - Retention Strategies
 - Scheduling Efficiencies
 - Communication Strategy for inclusion of Residents/Staff in Plan
 - Goal Dates / Milestones

CMS Staffing Mandate:

- Effective Date: June 21, 2024
- Phase 1
 - Within 90 days of the final rule publication, facilities must meet the facility assessment requirements.
- Phase 2

- Within two years of the final rule publication, facilities must meet the 3.48 HPRD total nurse staffing requirement and the 24/7 RN requirement.
- Phase 3
 - Within three years of the final rule publication, facilities must meet the 0.55 RN and 2.45 NA HPRD requirements.
- How is WhiteStone prepared?
 - 2024 Budgeted Hours per resident day (HPRD): 4.83
 - Our largest challenge will be to meet the 24/7 Registered Nurse requirements.
 - Current Registered Nurses:
 - 1st Shift: 4
 - 2nd Shift: 1
 - 3rd Shift: 1
 - PRN: 4

Mr. Ray Robinson, Assisted Living Manager, was introduced and by Mr. Josh Hillegass, who announced Mr. Robinson's recent graduation with a Doctorate Degree in Health Care Management. Mr. Ray Robinson provided the board with an update on assisted living.

Assisted Living Overview

- What is Assisted Living?
 - A Community with neighbors and loved ones providing a high quality of life.
 - Individuals needing assistance with two or more activities of daily living (ADL)
 - Personal hygiene, housekeeping, medication management, meal preparation, etc.
- Recent Accomplishments
 - Opened Rice Retreat (Assisted Living Memory Care) in March of 2024.
 - Census of 17 in May is the highest since opening in November 2023.
 - Largest month of Admissions to Assisted Living in May of 6.
- Recent Challenges
 - Education on Assisted Living and Memory Care for Families, Residents, and Team Members.
 - Scaling with Census Growth to promote efficiencies.
 - Training our Team Members on Assisted Living and what it looks like at WhiteStone.

Mr. Gene Jernigan thanked Mr. Ray Robinson for his report and expressed excitement about his joining the WhiteStone Team.

Mrs. Tracy Armwood, Director of Human Resources was introduced and presented the following update:

Recruiting:

For 2024 the HR department processed 1,982 new candidate applications. Scheduled 279 interviews; made 103 offers; which transitioned to 81 hires. For April alone: 533 New Candidates; 83 Scheduled interviews; 33 offers with 26 hires. We are averaging 56 interviews per month. WhiteStone hosted a Careers and Coffee Onsite Job Fair 4/4 which was an enormous success. We had 29 candidates in attendance and were able to make 16 offers at that job fair.

The most effective change we made that assisted in recruiting is an adjustment to our nurse wage scale. Multiple offers were being lost due to lower than expected wages. We lost 8 nurse candidate offers in a week and half. We significantly raised both the RN and LPN wage scale. Taking RN from a minimum of \$35.69 to \$39.00/hr. and LPNs from a minimum of \$26.78 to \$30/hr. Since making this market adjustment we have been successful in transitioning offers into hires.

We are closely monitoring the market related to our current roles. We are seeing further wage pressures across the board but more significantly with CNAs, maintenance, and cooks. In speaking with some of my colleagues in other communities one has made wage adjustments already 3 times this year. Monitoring the market and adjusting throughout the year has become the new trend and we are going to have to be diligent in our efforts to not only recruit but to maintain our team members.

Job Openings Report:

- We currently have 25 open positions, 21 are in nursing, of these 12 are full-time. We are continuing to make great progress as the last two new hire orientations we have had 15 new hires.
- We have filled a few significant roles such as the Staff Development Coordinator, Social Worker, Director of IT, and Certified Dietary Manager for our Care Center.

Area Growth and the rise of Competition:

- As noted in my last board report, regrading RNs pressure for a \$40 starting rate, we have made that adjustment.
- As noted last meeting as well Moses Cone has announced another minimum rate increase moving their new minimum from \$15 to \$17/hr. effective January 14th, 2024.
- California recently passed a \$20/hr. minimum wage for fast food workers.

- On May 1st, an article was published that a Minnesota panel tasked with creating pay levels for nursing facilities approved a new minimum wage for all nursing home workers. All workers would have to be paid at least \$20.50 per hour. Certified nursing assistants would have to be paid at least \$24 per hour and licensed practical nurses would receive at least \$28.50 an hour. The pay rule comes on the heels of a finalized national staffing mandate. The state minimum wage will be implemented in phases — taking full effect Jan. 1, 2027.
- With the new Nurse hour mandate issued by CMS, we must plan to for higher wages for RNs as there continues to be a shortage of RNs, which will make it difficult to meet this mandate.

Turnover:

- 2023 Overall Turnover 34.64%
- 12.92% turnover for YTD 2024. Compared to 10.14% this time in 2023.

Retention:

We continue to focus our attention on retaining staff. Our extended orientation process we feel has been a help. We continue to work with each department. Mrs. Armwood recognized our EVS, Maintenance, F&B and Nursing departments who consistently do fun things and recognition for their team members.

Mr. Mark Lewis announced a group of residents have come forward to establish a resident funded employee appreciation program. This will allow residents to make a contribution, which will recognize employees for their service through a monetary gift. This program will be introduced to the Board in August.

Mr. Jacob Elliott, Director of Operations Management, was introduced for an update from Life Care Services. Mr. Elliott began his report with a summary of the Blueprint session, which was held on campus with the Leadership Team of WhiteStone. The focus is on identifying strategies and priorities that will lead to financial improvement for the community.

WhiteStone Blueprint Review – Road to 95:

- Attended by more than 20 LCS and WhiteStone leaders representing all disciplines
- Reviewed our Trailhead (historical lookback)
- Established our Destination
 - Healthy NOI margin of 6% - 8% (11% - 15% w/ contributions)
 - Stable Occupancy (95%)
 - Cash Growth
- Developed Trail Map

- Identified SWOT/business plan priorities to reach destination
- Established plan for accountability and execution
 - Monthly updates/check-ins to strategic plan to monitor progress and execution

Key Priorities:

- Fill Assisted Living and Memory Care
- Stabilized IL Occupancy – 95%
- Competitive Analysis/Rate Review
 - 2nd person fees, CWC private pay rates, Type B modified benefits (30 days annually)
- Margin Growth
 - CWC margins, food, labor, controllable expenses
- Employee Retention and Recruitment
- 6 – 8 year plan for Latham and Bennett legacy apartments

Mr. Joey Transou expressed appreciation to LCS for helping to identify a plan to navigate the future for WhiteStone.

Mr. Mark Lewis announced that one of the initiatives identified is to improve the community's online reputation. This has been a major focus since January, which includes receiving an average of five positive reviews per month. Through May we have totaled 28 reviews, with an average rating of 4.8 out of 5. The current online reputation score for WhiteStone is 653, compared to the industry average of 568 and best in class of 923. The score has increased 11% since the first of the year.

Mr. Mark Lewis recognized Mrs. Betty Jo Yommer, Mr. David Bramigk, and Mrs. Linda Hyatt for their support of the community and service on the Board of Directors. They were each presented with a Masonic and Eastern Star medallion.

Mrs. Betty Jo Yommer, Worthy Grand Matron, provided remarks and expressed appreciation for being a member of the Board. Working in healthcare is not easy, and in being a member of the Board for seven years, there has been a thoughtful and coordinated effort to transform this community. Mrs. Yommer expressed gratitude for the Leadership and residents of the community.

Mr. David Bramigk, Worthy Grand Patron, remarked to the staff of WhiteStone and their incredible work in maintaining a first-class community. Mr. Bramigk expressed appreciation for allowing him to be a part of the Board.

Mr. Don Kehler, Grand Master, thanked the Committee on WhiteStone for their attendance and active participation. The Worthy Grand Matron and Worthy Grand Patron were thanked for their service.

Mr. Gene Jernigan shared appreciation for all those in attendance today and asked members of the Board and Grand Line to remain for Executive Session.