

MINUTES

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA INC

February 10th, 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 February 10th 2024.

MESH BOARD MEMBERS PRESENT

Mr. Gene Jernigan, Chairman; Mr. Don Kehler, GM; Mr. Robert Rideout, DGM; Mr. Steve Norris, SGM; Mr. Tommy Mills, Jr., Mr. Edward Johnson, II; Mr. David Sawyer, Mr. Joey Transou, SGS; Mr. Jerry “Randy” Browning, III; Mr. Bryant Webster, Mrs. Betty Jo Yommer, WGM; Mr. David Bramigk, WGP; Mrs. Linda Hyatt, Mrs. Linda Burris, Mr. Allen Hughes, and Mr. David Griffith

MESH BOARD MEMBERS ABSENT

Mr. Rick Patton, Mr. Edward Earl Wells, Mrs. Amy Jo Fischer Hoth, AGM; Mrs. Linda Bonner

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. Gina Prevost, Director of Community Life Services; Mr. Josh Hillegass, Health Services Administrator; Mrs. Misty McAden, Chaplain; Mr. Jacob Elliott, Life Care Services; Mrs. Susan Brewer, Life Care Services; Mr. Gene Lewellyn, Resident; Mr. Bob Dellorfano, Resident Council President; Mrs. Donna Newton, Resident; Mr. George Troxler, Resident; Mrs. Jo Ann Cox, Resident; Mr. Robert Street, Resident; Mrs. Norma Underwood, GC; Mrs. Lori Adams, AGC; Mr. Alvin Billings, GRM; Mr. Philip Johnson, JGD; Mr. John Burns, NCMF Chair; Mr. Andrew Wood, Committee on WhiteStone; Mr. Stephan Owen, Committee on WhiteStone; Mr. Ray Kivett, Jr. Committee on WhiteStone

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 November 11th, 2023.

Mr. Gene Jernigan introduced the Conflict-of-Interest Policy and requested it to be reviewed and signed by the members of the Board.

BOARD COMMITTEES

Motion: It was moved, seconded, and approved by a majority, to accept, in toto, the following slate of board officers and committee members:

Officers

Gene Jernigan, Chairman; Betty Jo Yommer, Vice Chair; David Bramigk, Secretary; and Shaun Bradshaw, Treasurer.

Audit Committee

Steve Norris, Chair; Betty Jo Yommer, Allen Hughes, David Bramigk, Linda Bonner, Dennis Edwards, and Gilbert Bailey.

Finance Committee

Robert Rideout, Chair; Don Kehler, Betty Jo Yommer, Mike Register, Alvin Billings, Amy Jo Fischer Hoth, Bryant Webster, Joey Transou, and Shaun Bradshaw.

Personnel Committee

Linda Hyatt, Chair; Tommy Mills, Allen Hughes, Linda Bonner, Donald McCrickard, Resident Council President; Earl Wells, and Linda Burris

Buildings & Grounds Committee

Gene Lewellyn, Chair; Philip Johnson, David Cashion, Joey Transou, Lori Adams, David Griffith, and Rick Patton

Executive Committee

Gene Jernigan Chairman of the Board; Betty Jo Yommer, Vice Chair; Steve Norris, Chairman of Audit Committee; Robert Rideout, Chairman of Finance Committee; Linda Hyatt, Chairman of Personnel Committee; Amy Jo Fischer Hoth (Ex Officio), and Dennis Edwards (Ex Officio), David Bramigk and Don Kehler

Long Range Planning Committee

Joey Transou, Chair; Bryant Webster, Norma Underwood, Steven Norris, Randy Browning, Jr., Tommy Mills, Dennis Edwards, Robert Rideout, David Sawyer, and Earl Wells

Charity Committee

Gilbert Bailey, Chair; Lori Adams, Mike Register, Edward Johnson, II; Philip Johnson, Rick Patton, Linda Burris, David Griffith, and Randy Browning

COMMITTEE REPORTS

Long Range Planning Committee

Mr. Gene Jernigan introduced Mr. Joey Transou, Chair of the Long-Range Planning Committee. Mr. Joey Transou announced the closing out of the contract with Frank L. Blum. Closing out with the architect, SFCS, and Life Care Services Development will be forthcoming as we wrap up the project. Mr. Joey Transou provided an introduction for Mrs. Marie Dunn, Director of Sales and Marketing, who provided the following updates.

Mrs. Marie Dunn announced that Mrs. Monica Hurd, Sales Counselor, is celebrating her two-year anniversary with WhiteStone. In addition, Marketing Coordinator, Meredith Cooper is getting ready to celebrate her one-year anniversary. The consistency of the Sales Team has been a contributor to the communities success.

Mrs. Marie Dunn presented a sales update, which included the move-in revenue for 2023 totaling more than \$14M. So far in January, WhiteStone has collected just over \$2M in entrance fee revenue, which is slightly higher than what was collected the entire year of 2021. The goal for

2024 is thirty-six sales. So far through February, twenty-eight have been achieved. Sales of the expansion apartments as of December 31st were sixty-four, although the high mark for the year was sixty-six. Due to normal attrition, as well as attrition from transitioning residents into the assisted living level of care, the IL expansion apartments is currently at sixty-five. There are three apartments available, one in IL South and two in IL West. Twenty-five percent of all inquiries leads to a visit, while twenty-nine percent of visits lead to a sale. Inquiry generation keeps the sales pipeline full, and a focus for our Team is on re-inquiries. Waitlist specific marketing will also be an emphasis in 2024. The Sales Team finished off the year strong with thirteen sales in December and carried over that momentum in January with seven sales. This far exceeds our usual average of five sales per month.

Mrs. Susan Brewer, Regional Director of Marketing and Sales for Life Care Services, recognized the Sales Team for being eighty-five percent occupied in independent living and ninety-five percent sold. Occupancy is projected to continue to climb in 2024 thanks to the efforts of the entire WhiteStone Team.

Mrs. Marie Dunn recognized the strong efforts of resident Jo Ann Cox as Chair of the Sales and Marketing Committee.

Mrs. Marie Dunn concluded her remarks by announcing WhiteStone has had eight move-ins in January and is scheduled to receive eight more in February. This is compared to the budget of six.

Mr. Gene Jernigan congratulated the Sales Team for their results and expressed appreciation for their continued efforts. It takes all the employees of WhiteStone to achieve this level of success.

Finance Committee

Mr. Gene Jernigan introduced Mr. Steve Norris, Chair of the Finance Committee who introduced Mrs. Nikki Stafford, Director of Financial Services, to report on community finances through December 31, 2023, based on unaudited financials.

Net Operating Income (NOI)

YTD Net Operating Loss is under budget by 226k.

Operating Revenues:

- Revenue is under budget by (677k). HC revenue is under budget by (824k).

Unfortunately, (and as previously mentioned) part of the HC issue is a budget mistake with Medicaid. Private Pay is over budget by 373k, MCR is under budget by 152k, and HMO is over budget by 142k.

- IL revenue exceeded the budget by 425k.
- ALMC revenue is under budget by 1.3M due to the closure of the MC unit for construction and the delay in opening the ALMC building from construction.
- Contributions are over budget by 793k. The community received 2 substantial gifts at year end, one that was budgeted for earlier in the year in the amount of 242k and the other was a payout from a trust that WhiteStone was 50% beneficiary, in the amount of 416k.

Operating Expenses:

- Operating expenses were 903k under budget.
- The HC remains the only department over budget by 835k. The main expense overage is still with LPNs. Recruiting and outside agency use are also over. The primary reasons for the expense's overage are in salaries and then agency. Scheduling is a large focus in the care center for 2024.
- While AL was under budget on revenue the department was also under budget on expenses by 875k with a net loss of 425k in that department.

Debt Covenants:

- Q4 covenants -- DCOH is 256 at year end (covenant is 150) and DSCR is 1.26 (covenant is 1.20). These covenants are on UNAUDITED financials.
- Cash in bank 2/9/2024 is approximately 933k.

Investments:

- At year end the community had 1.6M in unrealized gains which is 979k over budget. I'm working with George and the investment group to get a detailed break out between realized and unrealized gains given the amount of transactions in our unrestricted fund in 2023. This is also needed for the audit and when we run final debt covenants.

Accounts Receivable:

Accounts Receivable write offs for 2023 totaled – 357k with the below breakdown:

- Managed – 134k or 38% -- billing issues such as knowledge, levels, authorizations and approved HIPPS codes.
- MCR – 82k or 23% (of which 43k was never collectible due to a billing error with the

system and the daily rate it billed) – This is due to knowledge weaknesses, missing qualifying hospital stays, timeliness of handling returned claims.

- MCRB – 40k or 11% -- medical necessity denials, claims not actually billed, denials for other ins plan enrollments, denials for being on hospice without proper coding
- Coins from Ins – 24k or 7%
- Outpatient Bs – 52k or 15%
- Private pay – 26k or 7% (of which 7k was a foundation resident that passed, and we are still working to recoup some of these funds & 16k that was in the process of being put into an Unmet Medical Needs agreement, but resident passed beforehand)

Mrs. Nikki Stafford provided an analysis of historical trends showing that on average write offs run 140k a year. This year being higher also considering we had years with little to no write offs (2019 was 50k).

Mrs. Nikki Stafford reported the current primary focus regarding accounts receivable is Medicaid. Recently, staff received some refresher training with another community on February 1, 2024, so that we can get these new Medicaid residents caught up. We have successfully filed all billings for 2 residents on that list and all claims are set to pay. A deadline of February 16th has been given to the accounting department to get all these outstanding resident claims filed. At the end of January Medicaid accounted for 50% of the over 90 without the Medicaid AR our overall AR over 90 would be closer to 16%. The past year there has been a lot of work for MCR and Managed including the write offs, but the last piece is Medicaid. The good thing is that Medicaid will pay quickly once the claims are submitted. The other obstacle remains with HTA claims. We have yet again had to threaten the insurance commissioner and we are also having to review some contracts with them and payer set-ups to make sure we have that correct. Managed over 90 at the end of January was 123k primarily being HTA and this week we received a payment of 42k on that.

Mrs. Nikki Stafford reported that after closing the month of January, the net operating income is better than budget, with expenses in all departments coming in under budget.

Mr. Gene Jernigan thanked the efforts of Mrs. Nikki Stafford and the Finance Team and expressed confidence in the WhiteStone Team for a successful year.

Mr. Gene Jernigan directed the attention of the board members to the investment account statements contained in tab 3 and thanked the North Carolina Masonic Foundation for taking

care of WhiteStone's resources.

Charity Committee

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

Through December, our charity has totaled 1,424,662, which has exceeded budget for the year by 199,315. Compared to this time last year, charity care is up 363,389. The Fraternal Friendship Program (formerly Masonic and Eastern Star Outreach Program) has accounted for approximately 138,248 in charity care through December, which is slightly over budget by 3,851. At present we are providing long-term financial assistance to seven (7) fraternal members through the Fraternal Friendship Program and eighteen (18) WhiteStone residents. There are currently eight (8) applications being processed for assistance.

Also contained in tab 4 is the summary of contributions through the 4th quarter of 2023. Donations totaled 2,254,421, which was higher than budget this year by 792,611 but down from this time last year by 568,703. The variance from last year can be attributed to donations to the capital campaign. Major contributions YTD are highlighted in yellow, including four quarters of hardship reimbursement, Ruck Fund gift of 204,521, NCMF gift of 125,000, trust payout in the amount of 416,087, and final estate distribution of 241,593.

Board member donations through December (as reported in tab 4) totaled 24,570, with sixty-four (64) donations received by sixteen (16) board members. This time last year, donations totaled 33,970 with ninety-five (95) contributions from twenty (20) board members. As reported in the packet, board member donations to WhiteStone's general operating fund totaled 7,721, and campaign for WhiteStone at 16,850.

Mr. Gene Jernigan thanked the members of the Board for their ongoing support but challenged all members to contribute to the general operating fund of WhiteStone to meet the goal of 100% participation.

North Carolina Masonic Foundation

Mr. Gene Jernigan recognized Mr. John Burns, Chair of the North Carolina Masonic Foundation, for remarks.

Mr. John Burns highlighted items contained in the quarterly report in tab 5 of the board packet. The NCMF has recently established a three-year strategic plan, which includes a fundraising campaign for the Fraternal Friendship Program. This will be accomplished in cooperation with members of the WhiteStone staff and the Board. Recently, the Foundation has increased its quarterly distribution to the charities from 3.25% to 4%. The result is an extra 80K annually for each charity. Last month the Foundation changed financial advisors from Alex Brown to Captrust following an extensive RFP process.

Mr. Gene Jernigan thanked Mr. John Burns and the North Carolina Masonic Foundation Board.

Resident Communication

Mr. Mark Lewis directed the board to tab 6 of the board packet for minutes from committee meetings during the 4th quarter.

Mr. Bob Dellorfano, Resident Council President, expressed his pleasure to serve as Resident Council President and reported an increase in resident participation in the committees. In closing, he wished the next Council President well in the coming year.

Mr. Gene Jernigan expressed appreciation to the seven board members that attended the Resident Advisory Committee on Friday.

Management Report

Mr. Mark Lewis referred the board to tab 7 of the board packet for the management reports for the months of October, November, and December. The management reports will also be uploaded to the board portal moving forward.

Mr. Mark Lewis referred the board to the 2024 Business Plan, which will guide the leadership team in the coming year.

To highlight the Business Plan, the following top strategic objectives will drive performance in 2024:

- Identifying operational efficiencies accompanied by strict budget monitoring and accountability related to spending.
- Develop a collaborative transitional care model that promotes resident satisfaction and improved outcomes throughout the continuum of care.
- Enhancing the employee life cycle, from recruitment through ongoing engagement promoting an engaged and satisfied work force.
- Post expansion occupancy development across all levels of care to meet or exceed budget goals.

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

Care and Wellness Center:

- On December 18th, the Care and Wellness Center completed our Annual Survey by the North Carolina Department of Health Service Regulation, Nursing Home Licensure and Certification Section. These inspections are performed following strict guidelines and regulations established by the State of North Carolina and the Centers for Medicare and Medicaid Services. I'm excited to report that our Annual Survey resulted in a Deficiency Free Survey! I want to take a moment to thank all our Staff involved in the care of our Residents, as we could not make this happen without them.
- Following our Annual Survey completed in December, our Life Safety Survey was conducted on January 18th. During this survey, our physical plant and environment are inspected to ensure that all requirements of the Life Safety Code are met. During our Survey this year, eight deficiencies were identified, all relating to minor Life Safety Code requirements. These areas range from the latching of doors, labeling of electrical panels, and routine testing of receptacles. Our team has completed a comprehensive Plan of Correction for these deficiencies, and we are actively working to resolve and maintain forward progress.

Assisted Living:

- Over the past three months, we've seen a consistent growth in our Assisted Living Census since we opened in November. While we've had consistent growth so far, our Interdisciplinary Team is hard at work to continue to identify and garner interest in moving to Assisted Living from our current Residents. I'm hopeful that with the addition

of Ray Robinson, we'll see greater growth in our Assisted Living over the coming months.

- Lionel "Ray" Robinson, Assisted Living Manager, will join our team in the month of February. Ray comes to us with an extensive background in Assisted Living Communities as the Administrator/Executive Director. We look forward to Ray's leadership and experience allowing us to continue to grow and excel in our Assisted Living operations.

Staffing Updates:

- **Nursing Leadership:** Doris Nance, Director of Clinical Services, is no longer an employee of WhiteStone. We want to thank Doris for her service to WhiteStone, and we wish her well in her next venture. Since her departure from WhiteStone, we have been conducting an extensive search to find the next Director of Clinical Services. Natalie McMasters, Assistant Director of Nursing, has accepted an opportunity with another community and her last day at WhiteStone will be February 22nd. We would like to thank Natalie for her service to WhiteStone over the years, and we wish her well in her next venture. As we replace both roles, we are reviewing our Clinical Leadership Team structure in the Care Center to maximize efficiencies and reduce overlap in roles and responsibilities.
- **Contract Staff Elimination:** The Care and Wellness Center has needed to supplement our current Nursing Staff with the use of contracted Staff as we grow and maintain our workforce. Our primary recruitment focus remains on Nursing Staff, with 2nd and 3rd shifts being our areas of opportunity. Tracy Armwood, Director of Human Resources, and I have developed an ongoing plan to eliminate the need for contract staff in the Care Center. The plan includes the following strategies: 1. Increased Employee Referral Program, 2. Partnership with Community Organizations to provide unique recruitment opportunities, and 3. Identification of Contract Staff that meet our ideal candidate expectations and conversion of these Staff. Additionally, we have placed increased focus on the retention of our current Staff Members. We'll be providing additional support through the implementation of "Office Hours" and "Weekly Huddles" to provide Staff Members with the support, resources, and information they need to feel successful and content in their roles during this transition period.

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

Recruiting:

For 2023 the HR department processed 3,844 new candidate applications. Scheduled 790 interviews; made 290 offers; which transitioned to 235 hires.

For January of 2024: 397 New Candidates; 55 Scheduled interviews; 23 offers with 17 hires.

We are entering the spring job fair season. Below are the many scheduled events where WhiteStone will be participating:

- W.O.W. with NC Works Job Fair 2/7
- WSSU Job Fair 2/15
- NC Works Healthcare Job Fair 2/21
- Allen Middle School Career Day 2/23
- High Point University 3/14
- GTCC 3/27
- WhiteStone Onsite Job Fair 3/29

We will be hosting in March FREE CEU workshops for RNs as a way to bring them to campus for a class and opportunity to introduce them to WhiteStone.

We will be increasing our Employee Referral program for RNs only to \$2,000 per referral. This will be paid for a successful hire over the course of one year.

We have a plan to actively recruit agency nurses with the goal of transitioning them to our team.

Job Openings:

- Of the 26 open positions, 21 are in nursing, of these 10 are full-time. If we can get the 10 FT filled, we will be in great shape.
- New AL Manager, Ray Robinson will be joining us next week for the Blueprint Session

Area Growth and the rise of Competition:

- RNs are still our challenge. We did move our RN scale 5% increase which has helped some. We are still seeing RNs looking for the higher end of our scale to start, \$40/hr.
- Moses Cone has announced another minimum rate increase moving their new minimum from \$15 to \$17/hr. effective January 14th, 2024.

Turnover:

- 2023 Overall Turnover 34.64% compared to 36.26% for 2022.
- 2.23% turnover for January 2024. Compared to 2.89% January 2023.

Retention:

- Extended Orientation to a full 2-day new hire orientation. To provide more in-depth onboarding without the rush.

- Intentional focus on department onboarding. This is an area of opportunity we continue to work on.
- Mentorship program in the nursing department.

Mrs. Betty Jo Yommer expressed appreciation to the staff of the Health Center for achieving a deficiency free survey.

Mrs. Misty McAden, Chaplain, announced the startup of two new support groups on campus as she looks to extend her aid to residents.

Mr. Jacob Elliott, Director of Operations Management, was introduced for an update from Life Care Services. Mr. Elliott began his report with commending the staff at the Care and Wellness Center for their efforts in receiving the deficiency free survey. During the month of February, the WhiteStone Leadership Team, along with the support of several Life Care Services Team members, will be participating in a two-day strategic planning discussion LCS calls the Blueprint. This process helps to identify operational challenges and solutions faced by the community. LCS has also introduced a new initiative, the Road to 95, to increase whole-house occupancy in all communities to 95%. Both designed to build a road map toward Operational efficiencies and revenue generation at WhiteStone.

Mrs. Betty Jo Yommer, Worthy Grand Matron, provided remarks and thanked all in attendance for their support of the home.

Mr. David Bramigk, Worthy Grand Patron, remarked to the professionalism of the reporting by the Leadership Team.

Mr. Don Kehler, Grand Master, thanked the Chairperson, Mr. Gene Jernigan for his work on the Board. Expressed appreciation for everyone's work on the Board, and the staff at WhiteStone. Mr. Don Kehler reminded board members to make their annual contribution to WhiteStone as requested by the Chair.

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.

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MESH Committee Members

May 2024

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