

**Winchester House Advisor Board  
Meeting Minutes  
April 26, 2018**

**1. Call to Order**

Chair Mayer called the meeting to order at 4:00 p.m.

**Present** 5: Julie Mayer, Michael Knight, Steve Carlson, Mary Hillard, Ric Olson (via phone)

**Absent** 3: Carol Calabresa and Jeff Biesczat

Others present:

Barry Burton, County Administrator

RuthAnne Hall, Purchasing Manager

Denise Norman, President, Transitional Care Management

Mike Filippo, Chief Operating Officer, Transitional Care Management

**2. Approval of Minutes**

A motion was made by Steve Carlson to approve the minutes of the WHAB from January 25, 2018 and seconded by Michael Knight. The motion was approved with 5 ayes and 0 nays.

**3. Chair's Remarks**

There were no chair remarks.

**4. Member Remarks**

There were no member remarks.

**5. Old Business**

There was no old business discussed.

**6. New Business**

**6.1**

**Update on Transitional Care of Lake County's (TCLC) Winchester House Milestone, Regulation and Financial Report – January through March 2018.**

Mike Filippo provided an update on the Phase III milestone of the contract - the new Mundelein facility. Mr. Filippo informed WHAB members that TCLC Staff and investors had recently met with County to provide an update on the equity financing of the new replacement facility. Mr. Filippo referenced a timeline of events (see attached) and indicated that TCLC had been informed that one of its major equity partners had pulled out four weeks prior. As a result, there is a need to find a new equity partner to meet the gap in financing.

Mr. Filippo went on to further explain that the project in its entirety is valued at \$36 million and equity and debt have been approved through the US Department of Housing and Urban Development (HUD). Therefore, any change to the financing plan must be approved by HUD and that process could take anywhere from 90 to 120 days. TCLC has been actively looking for a new investment partner and has met with at least four firms. Three of the prospective firms have declined and only one is still pending. TCLC is looking for the investor to provide \$7 million in equity for 77% ownership. Mr. Filippo went on to explain that TCLC would remain the management company and make all the operational decisions. A second option that they are considering is for an investor to assist with the build of the new facility and lease back the operations.

The WHAB members asked clarifying questions of when will we know if TCLC confirms a new equity partner, what is the fall back plan and what does this do to the timeline for the project moving forward? Mr. Burton addressed their concerns and highlighted the key date of June 22, 2018 that TCLC is contractually obligated to begin construction of the replacement facility. Mr. Burton indicated that TCLC had come forward with a request for an extension of the date. He stated that the County is looking for a clear path for success but will not bring anything back to the County Board that will cost additional money. With the delay in the construction, the County is now at risk for continuing to maintain the facility at a cost of approximately \$1 million per year.

Questions were raised regarding what the cost would be to wind down the operations. Ms. Hall stated that if the decision is to close Winchester, TCLC is contractually obligated to incur the cost to transfer the residents to other facilities for care.

Denise Norman reviewed the PowerPoint presentation covering the status for the regulatory and staffing updates. All tags have been addressed through either a desk review or revisit to the site. Staffing remains stable. The Union contract is scheduled to expire on November 30, 2018 and the current plan is to request a one-year extension with a 2 percent increase. Ms. Norman also provided an update on the therapy focus for the first quarter of 2018.

Mike Filippo provided an overview of the TCLC finances for the months ending January 31, 2018, February 28, 2018 and March 31, 2018. Year to date, TCLC had budgeted for a loss of \$77,500 but has seen an actual loss of \$139,000. Mr. Filippo indicated that was due to the unemployment taxes from the layoffs of reducing the floors in 2017 and that will reduce after the first quarter of 2018. Mr. Filippo reiterated that TCLC had programmed to operate at a loss beginning in 2018 and would make up the difference from the funds that were front loaded as part of the original contract.

Mr. Filippo also provided a brief update on the census. The Winchester House census was up to 125 in March but had declined the first part of April.

The remarks for the prepared presentations concluded with highlights for the therapy program, activity highlights for the facility since January 2018 and a list of upcoming events for residents in April and May.

## **7.**

### **Other Business**

Ms. Norman showed an image of "coming soon" sign that TCLC planned to place at the site of the replacement facility. She indicated that the sign would be installed in the next two to three weeks.

Julie Mayer asked for an update on the dental program.

Ric Olson asked for clarification on how far behind payments were from the State of Illinois for Medicaid. Mr. Filippo responded that 75 percent of the residents participated in the managed care program and that has a positive effect on the cash flow rather than waiting for payment from Medicaid, which is currently five months behind.

RuthAnne Hall provided a copy of a joint letter from Lake County and Winchester House informing residents of an upcoming comprehensive assessment of the building to prepare estimates and bid documents for the eventual demolition.

#### **8. Adjournment**

A motion was made by Michael Knight to adjourn the meeting and seconded by Mary Hillard. The motion passed with 5 ayes and 0 nays. Chair Mayer declared the meeting adjourned at 4:52 p.m. Next scheduled meeting is July 26, 2018. Members will be contacted by County Staff should an interim meeting be needed to discuss updates on TCLC financing for the replacement facility.