

**REPORT ON EXAMINATION**

**OF**

**THE JEWISH HOME OF ROCHESTER SENIOR HOUSING, INC.**

**d/b/a THE SUMMIT AT BRIGHTON**

**AS OF**

**DECEMBER 31, 2006**

**DATE OF REPORT**

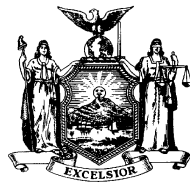
**APRIL 24, 2008**

**EXAMINER**

**KENNETH I. MERRITT**

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STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

David A. Paterson  
Governor

Eric R. Dinallo  
Superintendent

April 24, 2008

Honorable Eric R. Dinallo  
Superintendent of Insurance  
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law and New York Public Health Law and in compliance with the instructions contained in Appointment Number 22655, dated September 19, 2007 attached hereto, I have made an examination into the condition and affairs of The Jewish Home of Rochester Senior Housing, Inc. d/b/a The Summit at Brighton as of December 31, 2006 and submit the following report thereon. The Summit at Brighton is a not-for-profit Continuing Care Retirement Community authorized pursuant to the provisions of Article 46 of the New York State Public Health Law.

The examination was conducted at the home office of the Community at 2000 Summit Circle Drive, Rochester, NY 14618.

Wherever the designations, "the Community" or "Summit" appear herein, without qualification, they should be understood to indicate the Jewish Home of Rochester Senior Housing, Inc. d/b/a The Summit at Brighton.

As of December 31, 2006, the Community's minimum surplus requirement as determined using generally accepted actuarial standards and applying statutory requirements was impaired in the amount of \$4,754,000. The Community is currently operating under a Plan of Restoration that was accepted by the New York Insurance Department on August 27, 2007.

### **1. SCOPE OF THE EXAMINATION**

Summit was formed on April 25, 1995. The previous examination was conducted as of December 31, 2003. This examination covered the three year period commencing from January 1, 2004 through December 31, 2006. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

Representatives of the New York Insurance Department and the New York Department of Health conducted a site survey of the Community's facility on June 27, 2007 pursuant to Section 4610 of the New York Public Health Law.

The examination comprised a complete verification of the assets and liabilities of the Community as of December 31, 2006 in accordance with Generally Accepted Accounting Principles (GAAP), as modified by the New York Insurance Department pursuant to New York Insurance Department Regulation 140 {11NYCRR350}, a review of income and disbursements deemed necessary to accomplish such verification, and utilized, to the extent considered appropriate, work performed by the Community's certified public accountants and independent actuary.

A review was also made of the following items:

Community Documents  
Growth of the Community  
Financial Documents  
Board of Directors meeting minutes  
Market Conduct

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

## **2. EXECUTIVE SUMMARY**

Summit's minimum surplus requirement as determined using generally accepted actuarial standards and applying statutory requirements, was impaired by the amount of \$4,754,000 as of December 31, 2006. The Community is currently operating under a Plan of Restoration that was accepted by the New York Insurance Department on August 27, 2007. The Plan of Restoration provides for certain occupancy levels and establishes future fee increases over a period of time in order for the Community to resolve its actuarial surplus impairment. The projected date for the removal of the impairment under the current Plan is calendar year 2013.

Additional examination findings are described in the body of the report.

### **3. DESCRIPTION OF THE COMMUNITY**

Summit at Brighton is a Continuing Care Retirement Community as defined under Article 46 of the New York State Public Health Law. The Community received a Certificate of Authority from the New York State Continuing Care Retirement Community Council effective June 5, 1996 and subsequently commenced operations on May 17, 1998. It was noted that the Community did not disclose the date for the issuance of its certificate of authority in its filed annual statements for the years 2004 through 2006.

It is recommended that the Community disclose its certificate of authority issue date in its future annual statement filings made with the New York Insurance Department.

Summit operates as a continuing care retirement community that provides residential accommodations, life care, and other social and retirement services to its residents. The Community currently maintains residential accommodations that are comprised of ninety (90) independent living units and sixty (60) enriched housing units (assisted living). The enriched housing is operated separately from the Community's independent living units by the Jewish Home of Rochester Enriched Housing, Inc. ("Enriched Housing). The enriched housing units are comprised of two separate thirty (30) unit facilities that are referred to as Wolk Phase 1 and Wolk Phase II centers. In addition, Summit also provides nursing care services via Jewish Home of Rochester, which is an affiliate of the Community.

In exchange for an entrance fee and a monthly maintenance charge, the Community provides lifetime residence at Summit. The amount of the monthly fees depends on the types of apartment and contract the resident selects.

Residents have the option of two contracts, Type A and Type B contracts. Both offer the resident the right to lifetime residency at Summit. Each contract also permits, if medically necessary, a resident to transfer to more intensive care at either the enriched housing or the Jewish Home nursing care facilities, although the monthly rate charged and permitted term of stay differs by contract.

Following is a summary of the Community's Type A and Type B contract options offered.

#### Type A Life Care Contract

This contract provides for enriched housing and nursing care at no additional charge. The resident pays an entrance fee which is comprised of a residential component and a lifecare component. The resident pays an entrance fee in two installments. Ten percent (10%) of the entrance fee is due when the life care contract is signed, while the remainder is to be paid upon the earlier of (1) the date the resident occupies the facility or (2) sixty (60) days from the date the contract is executed. The refund for death or withdrawal during the first ninety (90) days of occupancy is 100% of both the residential and lifecare entry fees. After 90 days of occupancy, the refund of the residential component is reduced by a 4% administrative fee plus 2% per month, starting with the fourth month, with a minimum refund of 90%. After 90 days of occupancy, the refund of the lifecare component is reduced by 4% plus 2% per month, with no refund payable after

51 months of occupancy. A prorated refund of the lifecare component is payable upon the first to die in a couple.

Type B Life Care Contract

This contract provides for sixty (60) days lifetime of enriched housing and sixty days of nursing care at no additional charge. The resident pays an entrance fee which is comprised of a residential component only. The refund for death or withdrawal during the first 90 days of occupancy is 100% of the entry fee. After 90 days of occupancy, the refund is reduced by a 4% administrative fee plus 2% per month, starting with the fourth month, with a minimum refund of 90%.

A. Management

Pursuant to the Community's Articles of Incorporation ("charter") and by-laws, management of the Community is vested in a board of directors consisting of no more than thirteen directors. As of the December 31, 2006 examination date, the board of directors was comprised of the following fourteen members:

<u>Name</u>	<u>Business Affiliation</u>
Etta Atkin Pittsford, NY	Retired President, Temple B'rith Kodesh Sisterhood
Irving Frank Pittsford, NY	Physician/Emeritus Professor of Urology, Rochester University School of Dentistry
Julian Gordon Rochester, NY	Retired Controller, Eastman Kodak Company
Joel Kellmanson Rochester, NY	President/CEO, Atkell Services



<u>Name</u>	<u>Business Affiliation</u>
Mark Kolko Pittsford, NY	President, Power Equipment Company
John Lovenheim Rochester, NY	Retired
Charles Mills Rochester, NY	Commercial Real Estate Developer
Linda Oldfield Rochester, NY	Attorney/Partner, Harris Beach LLP
Irving Ruderman Rochester, NY	Retired President, Jewish Community Federation
Burt Tanenbaum Pittsford, NY	Attorney/Partner, Culley, Marks, Tanenbaum, Capell & Pezzulo
Adelaide Weinberg Rochester, NY	Trustee, Brighton Education Fund

Article III, Section 2(a) of the Community's by-laws states in part the following:

“The Board of Directors shall be comprised of not less than seven (7) nor more than thirteen (13) directors.....”

The Community reported in the jurat page of its filed annual statements three members of the board of directors who were actually non-directors. Such individuals included a person who was invited as a guest attendee at the board of directors meetings, an ex-officio board member with no voting rights and a third person who had resigned as a board member in early 2006.

It is recommended that the Community restrict the reporting of its board of directors in the jurat pages of its filed annual statements to only those members who are duly appointed by the sole shareholder and who are empowered with voting rights relative to those matters presented before the board.

It is recommended that the board minutes reflect each occurrence involving the termination, resignation and appointment of members to the Community's board of directors.

A discrepancy was noted with regard to the minimum number of directors required to constitute a full board between Summit's charter and the by-laws. Paragraph twelve of the Community's charter states that the entire board of directors of the corporation shall not be less than three compared to Article III, Section 2(a) of the Community's by-laws' which provides for a minimum of seven directors.

It is recommended that Summit correct the discrepancy in the language between its charter and by-laws relative to the minimum number of directors required for the composition of the Community's board of directors.

Pursuant to the by-laws, the board is required to meet once for an annual meeting, and once additionally each quarter, but may hold special meetings as desired. The Community's board of directors met at least four times annually during the period of January 1, 2004 through December 31, 2006. A review of the minutes of the board of directors' meetings revealed that the board meetings were generally well attended except for one member. This member attended less than 50% of his eligible meetings.

Members of the board have a fiduciary responsibility and must evince an ongoing interest in the affairs of the Community. It is essential that board members attend regular

meetings consistently and set forth their views on relevant matters so that the board may reach appropriate decisions.

It is again recommended that directors who have failed to attend board meetings on a regular basis attend the Community's board meetings on a more consistent basis. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced.

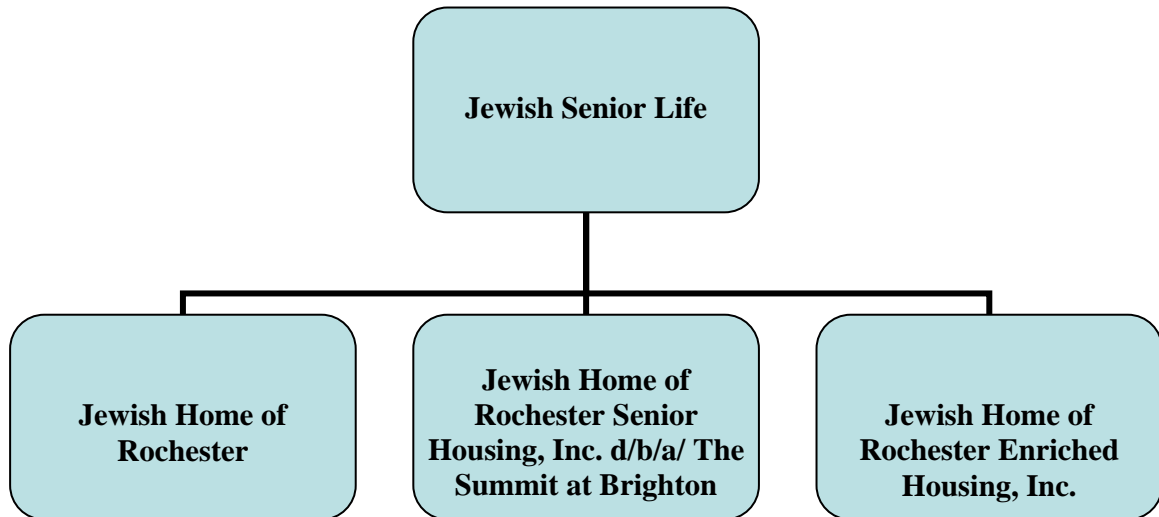
A similar recommendation was made in the prior report on examination regarding two other board members.

The principal officers of the Community as of December 31, 2006 were as follows:

<u>Officer</u>	<u>Title</u>
Daniel Katz	Chief Executive Officer/President
Deborah McIlveen	Chief Financial Officer
Julian Gordon	Chairman

B. Holding Company System

Below is a chart of the Community's holding company system as of December 31, 2006.



Jewish Senior Life

Jewish Senior Life, a New York organized not-for-profit corporation, is the sole voting member (parent) of Summit at Brighton and Summit's other affiliates shown in the above chart. Jewish Senior Life is empowered to appoint the board of directors of Summit, to amend its certificate of incorporation and by-laws and to approve certain extraordinary corporate transactions entered into by the Community.

Jewish Home of Rochester Enriched Housing, Inc. ("Enriched Housing, Inc.")

Enriched Housing, Inc. owns the two separate thirty (30) units each enriched housing centers for use by the adult care residents located on the premises of Summit at Brighton. The two enriched housing centers are referred to by names as Wolk I and

Wolk II and have respective locations at 2000 Summit Circle Drive and 4000 Summit Circle Drive at Summit's premises. The two centers are comprised of sixty (60) enriched housing apartments inclusive of the shared real and personal properties within the common areas within Summit. The enriched housing operation is managed under the direction and supervision of Summit pursuant to the following inter-company agreements related to the Wolk I and Wolk II centers:

- I. Management Agreement dated May 29, 1998 between Enriched Housing, Inc. ("Owner") and Jewish Home of Rochester Senior Housing, Inc. ("Summit/Manager").
- II. Manangement Agreement dated June 1, 2002 between Jewish Home of Rochester Enriched Housing, Inc. ("Enriched Housing, Inc./Owner") and Jewish Home of Rochester Senior Housing, Inc. ("Summit/Manager").

Under each agreement, in connection with the respective Wolk I and Wolk II enriched housing centers, the Owner retained Summit as the manager to (i) provide the physical premises for the operation of the facilities.

#### Jewish Home of Rochester

Jewish Home of Rochester ("JHR") provides Jewish Home of Rochester Senior Housing, Inc. with nursing home services to the life care residents (those living in independent units or enriched units on a life care contract) contingent upon a medical determination that a resident requires home nursing care. The affiliates have an existing agreement which is dated February 19, 1997 for such nursing home services. However, it is noted that the agreement is silent as to the specific nursing care services that are to be

provided and also does not include the method of cost reimbursement for services for under the agreement.

It is again recommended that the Community amend its existing agreement with The Jewish Home of Rochester to clearly specify the nursing care services that are to be provided under the arrangement. In addition, it is also recommended that the agreement specify the method of cost reimbursement for the applicable services provided.

This recommendation was included in the prior report on examination.

The Community also has an outside agreement wherein it contracts out dietary/food services to a nonaffiliated entity. The agreement became effective January 1, 2004 and was amended subsequently on January 1, 2006. The agreement covers the dining services including kosher food service for the Community's residents, guests and employees in the dining rooms and cafes of Summit at Brighton and Wolk Manor.

### Occupancy Rates

The following schedule reflects the occupancy rates at each year-end from 2004 to 2006 for Independent Living Units:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Independent Living units	92.5%	95.6%	98.4%
Enriched Housing/Adult Care Units	93.3%	99.6%	99.3%
Skilled Nursing facility	NA	NA	

The above occupancy rates for the above enriched housing facility include the Wolk Manor 1 center.

D. Disaster Recovery Plan/Business Continuity Plan

The Community, at the time of examination, maintained a disaster recovery plan which provided for the essential maintenance of continuity of services to the Community's residents in the event of a disaster. The Community, at the time of examination, also maintained a business continuity plan relative to the maintenance of continuity of services to the Community's residents in the event of a disaster.

E. Investment Custodial Agreement

The Community, at the time of examination, did not maintain custodial agreements for the safeguarding of its investments that are held in the depository accounts of the banking institutions. The Department is cognizant of the fact that certain of the Company's investments are held with an existing bank trustee already approved pursuant to Summit at Brighton's bond indenture issued by the Industrial Development Agency ("Agency"). Therefore, the Community is limited in its ability to retroactively amend the bank trustee documents that were set up under the initial bond financing arrangement with the Agency. However, for its other investments that are not held in aforementioned bank trustee accounts, the Department regards the following protective covenants and provisions as indicative of prudent business practices:

1. The bank shall have in force, for its own protection, Bankers Blanket Bond Insurance of the broadest form available for commercial banks and will continue to maintain such insurance. The bank will give the Community 60 days written notice of any material change in the form or amount of such insurance or termination of this coverage.
2. The bank will at all times give the securities held by the bank thereunder the same care the bank gives its own property of a similar nature.
3. The bank shall furnish the Community (at least quarterly) with a list of such securities showing a complete description of each issue, which shall include the number of shares or par value of bonds so held at the end of each quarter.
4. The bank shall maintain records sufficient to verify information the Community is required to report in the Annual Statement blanks of the Insurance Department.
5. The bank shall furnish the Community with the appropriate affidavits in an acceptable form in order for the securities referred to in such affidavits to be recognized as admitted assets of the Community.
6. Access shall be during the bank's regular hours. Those persons who shall be entitled to examine, on the bank's premises, securities held by the bank and the bank's records related to those securities, shall be specified. An authorized officer shall furnish the bank with written instructions to that effect.
7. Written instructions hereunder shall be signed by any two of the Community's authorized officers specified in a separate list for this purpose which will be furnished to the bank from time to time signed by the treasurer or an equivalent officer and certified under the corporate seal by the secretary or an assistant secretary.
8. In connection with any situation involving registration of securities in the name of a nominee of a bank custodian, the custodian agreement should empower the bank to take such action.
9. There should be a provision in the agreement that would give the Community the opportunity to secure the most recent report on the review of the custodian's system of internal control, pertaining to custodial record keeping, issued by internal or independent auditors.

It is recommended with regard to the Community's investments that are not held pursuant to any existing bond indenture with the Industrial Development Agency that Summit at Brighton establish appropriate custodial agreements with the financial



institutions that safeguard its investments and include the above enumerated protective covenants and provisions in those agreements.

#### **4. ACCOUNTS AND RECORDS**

The Community's record retention was inadequate in the following areas:

##### **(1) Cash Reconciliation Schedules**

The Community was unable to provide the month of November 2006 cash reconciliations for six company bank accounts with Manufacturers and Traders Trust Company ("M & T") and Bank of New York. Management indicated that the prior month cash reconciliation worksheets are discarded after the current month reconciliation schedules are prepared.

##### **(2) Non-Retention of Community Authorized Personnel Bank Signatory Records on file with the Banks**

The Community failed to provide any certified board resolutions of the Community's authorized signatory lists and provided incomplete and unsigned board resolutions relative to several of Summit's bank accounts.

As an internal control procedure for the protection of the Community's cash and investment assets, it is beneficial for the Community to have complete and signed certified banking resolutions by the board that list all authorized employees for each company account. In addition, it is also a good practice for Summit to maintain copies of these documents and make such documents readily available for review and physical inspection upon request by the examiners.

Part 243.3(c) of New York Insurance Department Regulation 152 (11 NYCRR) provides for the establishment of a records retention plan. The plan should include a description of the types of records being maintained, the method of retention, and the safeguards established to prevent alteration of the records.

In addition, Part 901.11(a)(2) of the New York Department of Health Regulation (10 NYCRR 901) states in part the following requirement:

“....All underlying books, records and documentation which formed the basis for the annual report filed with the Commissioner shall be kept and maintained by the community for a period of time not less than six years from the date of filing or the date upon which the report was to be filed, whichever is later. Any operator being examined shall, upon request, give reasonable and timely access to all of its records.”

It is recommended that the Community comply with the record retention and examination requirements of Part 243.3(c) of New York Insurance Department Regulation 152 (11 NYCRR 243.0) and Part 901.11(a)(2) of New York Department of Health Regulation (10 NYCRR 901) .

## 5. FINANCIAL STATEMENTS

### A. Balance Sheet

The following shows the assets, liabilities and surplus as determined by this examination as of December 31, 2006. It is the same as the actuarial balance sheet reported by the Community presented on a statutory actuarial basis pursuant to New York Insurance Department Regulation 140 (11 NYCRR 350).

<u>Assets</u>	<u>Amount</u>
Cash and invested assets	\$ 8,652,000
Accounts receivable and prepaid expenses	103,000
Land	1,540,000
Building	22,124,000
Furniture, fixtures and equipment	2,492,000
Accumulated Depreciation	(4,460,000)
Deferred financing costs	<u>1,976,000</u>
 Total assets	 <u>\$ 32,427,000</u>
 <u>Liabilities</u>	
Long term debt	\$ 14,255,000
Accounts payable and accrued expenses	476,000
Actuarial reserve	<u>22,450,000</u>
 Total liabilities	 \$ 37,181,000
 Total Net Surplus	 \$ (4,754,000)
 Total Liabilities and Net Surplus	 <u>\$ 32,427,000</u>
Ratio of net surplus to total liabilities	<u>(14.7%)</u>

Note 1: It should be noted that the asset values herein are reported on a statutory actuarial basis. As such, the values differ from the certified financial statements prepared by the Community's Certified Public Accountants using Generally Accepted Accounting Principles (GAAP).

Note 2: The Community's required actuarial surplus, as determined using generally accepted actuarial standards and applying statutory requirements, was impaired in the amount of \$4,754,000.

Note 3: This report on examination includes the actuarial balance sheet as of December 31, 2006, based upon the consolidated financial results of Summit and Enriched Housing, Inc. for both the Wolk I and Wolk II facilities..

B. Statement of revenue, expenses and surplus

The Statement of revenue and expenses is presented on a GAAP basis for the period January 1, 2004 through December 31, 2006.

Statement of revenue, expenses and surplus

Revenue

Monthly Maintenance Fees	\$23,071,066
Other Revenues from Residents	813,533
Earned Entrance Fees (net of refunds)	3,716,200
Patient Revenues from Nonresidents	10,059,885
Interest and Dividend Income	3,412,207
Aggregate Write-ins for Other Operating Revenues	<u>710,186</u>
Total Revenue	<u>\$41,783,077</u>

Operating Expenses

Interest Expense	7,459,361
Facility and Dining Expenses	12,520,889
Health Expenses	7,192,320
Administration Expenses	6,472,472
Depreciation and Amortization	10,496,152
Change in Provision for Uncollectible Accounts	44,340
Real Estate Taxes	1,773,400
NYS Health Facilities Assessment	475,683
Aggregate Write-ins for Other Operating Expenses	<u>76,304</u>
Total Expenses	<u>46,510,921</u>

GAAP Basis Net Loss \$(4,727,844)

C. Change in actuarial surplus

Reserves and surplus decreased \$6,043,591 during the examination period, January 1, 2004 through December 31, 2006, detailed as follows:

	<u>Losses in Surplus</u>	
Surplus per report on examination as of December 31, 2003		\$1,011,591
GAAP basis Net Income (Loss)	\$ (4,727,844)	
Net decrease in Actuarial Surplus	<u>(1,037,747).</u>	
Net gain in surplus		<u>(5,765,591)</u>
Surplus per report on examination as of December 31, 2006		<u>\$ (4,754,000)</u>

**6. MARKET CONDUCT REVIEW**

The examination included a market conduct review focusing on the following major areas:

- a) Sales and advertising
- b) Disclosure statement
- c) Residency agreement

No problem areas were noted in the market conduct reviews of the above listed areas.

## **7. CONCLUSION**

As of December 31, 2006, the Community's minimum surplus requirement as determined using generally accepted actuarial standards and applying statutory requirements was impaired in the amount of \$4,754,000.

The Community is currently operating under a Plan of Restoration (Plan) that was prepared as of April 17, 2007 to resolve its surplus impairment. The Plan was accepted by the New York Insurance Department on August 27, 2007. The restoration plan is currently being monitored by the New York Insurance Department.

It is recommended that Summit at Brighton continue to operate under its Plan of Restoration, as approved by the New York Insurance Department on August 27, 2007, in order to bring its surplus to an adequate level.

## **8. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION**

The prior report on examination contained six (6) comments and recommendations as follows (page numbers refer to the prior report):

<u>ITEM NO.</u>	<u>PAGE NO.</u>
A.	6
<p>It is recommended that Directors Silver and Lovenheim improve their respective attendance at board of directors' meetings. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced.</p> <p>The Community has complied with this recommendation.</p>	
B.	8
<p>It is recommended that the Community put in place a formal management agreement with its affiliate, Jewish Home of Rochester Enriched Housing, Inc. (Wolk Manor I).</p> <p>The Community has complied with this recommendation.</p>	
C.	9
<p>It is recommended that the Community establish a formal management agreement with its affiliate, The Jewish Home of Rochester.</p> <p>The Community has not complied with this recommendation.</p>	
D.	9
<p>It is recommended that the Community include the Policy and Procedure for Resident Evacuation in Summit's Fire Plan and Disaster Manual.</p> <p>The Community has complied with this recommendation.</p>	
E.	11
<p>It is recommended that the Community maintain a custodial agreement for the safeguarding of its investments with its custodial bank. It is also recommended that such custodial agreement include the enumerated protective covenants and provisions.</p> <p>The Community has not complied with this recommendation.</p>	
F.	11
<p>It is recommended that the Community maintain support studies relative to the percentage allocation of expenses of shared employees between the Community and the Jewish Home of Rochester.</p> <p>The Community has not complied with this recommendation.</p>	

## **9. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

<u>ITEM NO.</u>	<u>PAGE NO.</u>
<p>A. As of December 31, 2006, the Community's minimum surplus requirement, as determined using generally accepted actuarial standards and applying statutory requirements, was impaired in the amount of \$4,754,000.</p> <p>It is recommended that the Community continue to operate under the Plan of Restoration, accepted by the New York Insurance Department on August 27, 2007, in order to bring its required surplus to an adequate level.</p>	2,3,17,20
<p>B. <u>Management</u></p>	
<p>i It is recommended that the Community disclose its certificate of authority issue date in its future annual statement filings made with the New York Insurance Department.</p>	4
<p>ii. It is recommended that the Community restrict the reporting of its board of directors in the jurat pages of its filed annual statements to only those members who are duly appointed by the sole shareholder and who are empowered with voting rights relative to those matters presented before the board.</p>	7
<p>iii It is recommended that the board minutes reflect each occurrence involving the termination, resignation and appointment of members to the Community's board of directors.</p>	8
<p>iv. It is recommended that Summit correct the discrepancy in the language between its charter and by-laws relative to the minimum number of directors required for the composition of the Community's board of directors.</p>	8
<p>v.. It is again recommended that directors who have failed to attend the board meetings on a regular basis attend meetings on a more consistent basis. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced.</p>	9
<p>C. <u>Holding Company System</u></p>	
<p>It is again recommended that the Community amend its existing agreement with The Jewish Home of Rochester to clearly specify the nursing care services that are to be provided under the arrangement. In addition, it is also recommended that the agreement specify the method of cost reimbursement for the</p>	12



<u>ITEM NO.</u>		<u>PAGE NO.</u>
	applicable services provided.	
D.	<u>Custodial Agreement</u>	
	It is recommended with regard to the Community's investments that are not held pursuant to any existing bond indenture with the Industrial Development Agency that Summit at Brighton establish appropriate custodial agreements with the financial institutions that safeguard its investments and include the enumerated protective covenants and provisions in those agreements.	14
E.	<u>Accounts and Records</u>	
	It is recommended that the Community comply with the record retention and audit requirements of Part 243.3(c) of New York Insurance Department Regulation 152 (11 NYCRR 243.0) and Part 901.11(a)(2) of New York Department of Health Regulation (10 NYCRR 901).	16

Appointment No. 22655

**STATE OF NEW YORK  
INSURANCE DEPARTMENT**

I, **Eric R. Dinallo**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

**Kenneth Merritt**

as a proper person to examine into the affairs of the  
**The Jewish Home of Rochester Senior Housing, Inc.  
d/b/a Summit at Brighton**

and to make a report to me in writing of the said

**Continuing Care Retirement Community**

with such information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by the name and affixed the official Seal of this Department, at the City of New York.

this 19<sup>th</sup> day of September 2007



Eric R. Dinallo  
Superintendent of Insurance

