



ZIEGLER INVESTMENT BANKING | SENIOR LIVING

# DIVERSITY IN GOVERNANCE: TODAY'S LEADERSHIP IMPERATIVE

2022 CHHSM Annual Meeting

March 9, 2022

## PRESENTED BY

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# THE ZIEGLER ADVANTAGE

Privately-held Investment Bank focused on Advisory Services, Capital Markets and Proprietary Investments to the Healthcare Industry



1902

Established



180+

Professionals



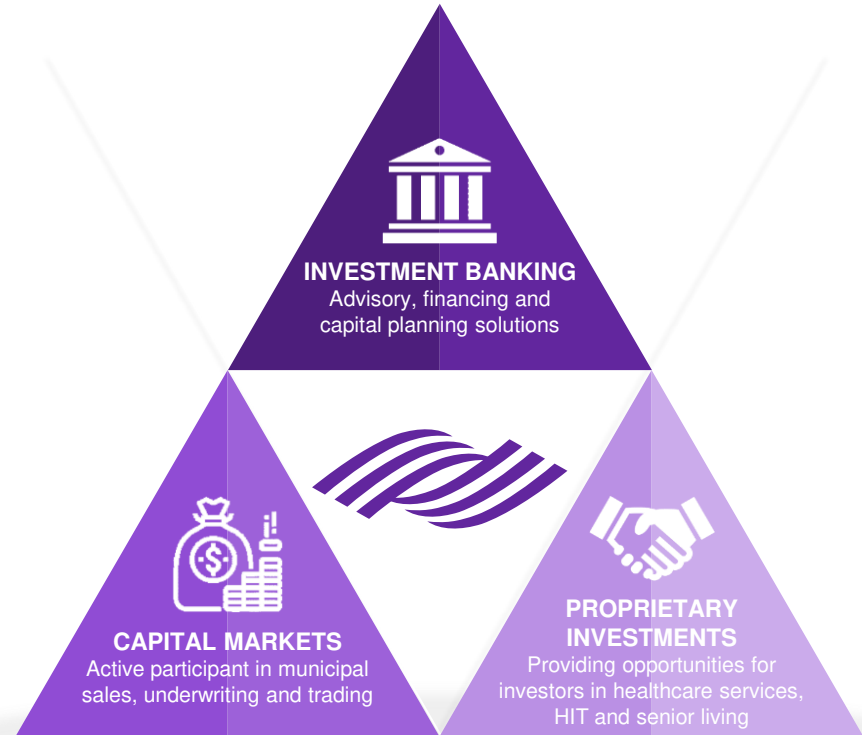
60+

Managing Directors/  
Directors



21

Offices Nationally



PROVEN PERFORMANCE



RELATIONSHIPS



INSIGHT



BREADTH OF SERVICES



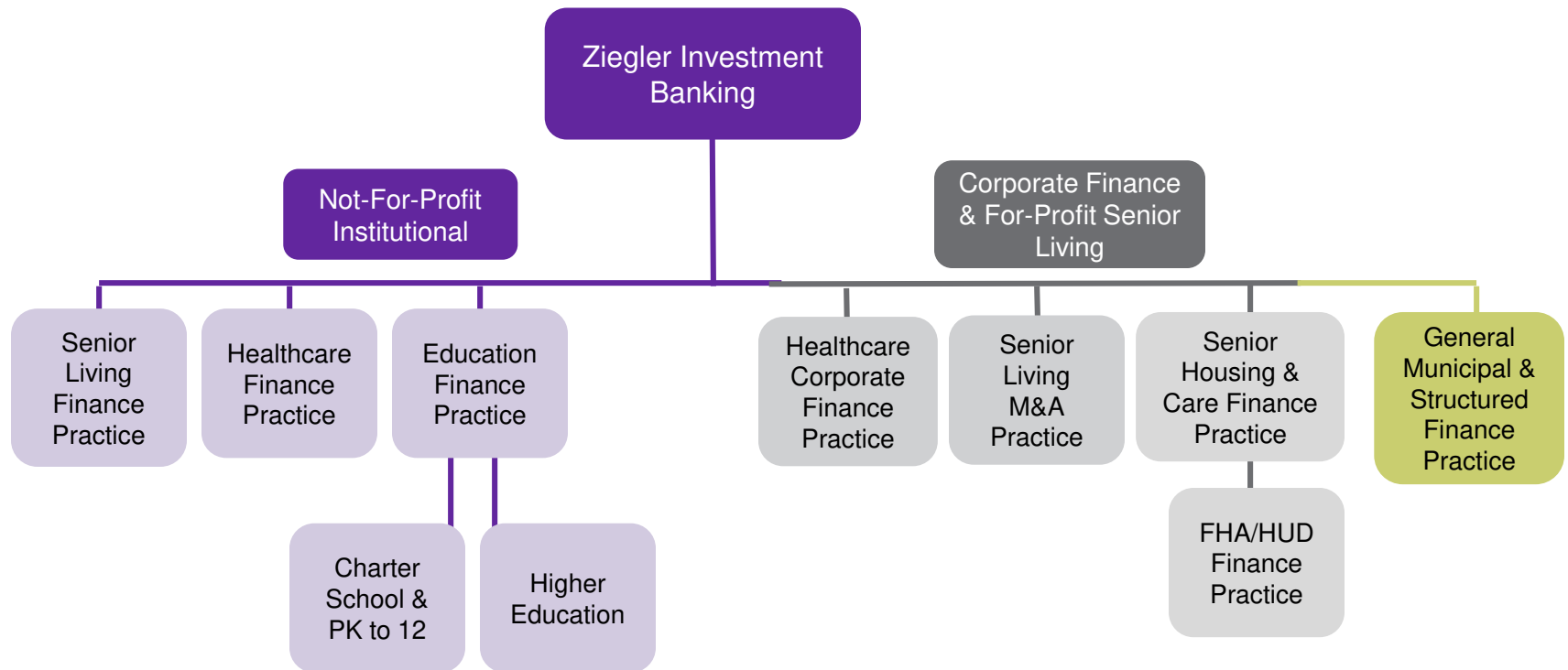
FLEXIBILITY



EXPERIENCED  
PROFESSIONALS

# INVESTMENT BANK – ORGANIZATIONAL FLOW CHART

- Ziegler brings a multidisciplinary approach to addressing the issues facing healthcare providers in today's economy



- 180+ Associates committed to Ziegler Investment Banking Markets & Sectors

# NATIONAL FOOTPRINT

**HEADQUARTERED** at One North Wacker Drive in Chicago with regional and branch offices throughout the U.S., Ziegler provides its clients with capital raising, strategic advisory services, fixed income sales & trading and research.



## SEATTLE, WA

520 Pike Street  
Suite 1505  
Seattle, WA 98101



## MINNEAPOLIS, MN

333 South 7th Street  
Suite 2440  
Minneapolis, MN 55402



## MILWAUKEE, WI

735 North Water Street  
Suite 1000  
Milwaukee, WI 53202



## CHICAGO, IL Headquarters

One North Wacker Drive  
Suite 2000  
Chicago, IL 60606

# 1902

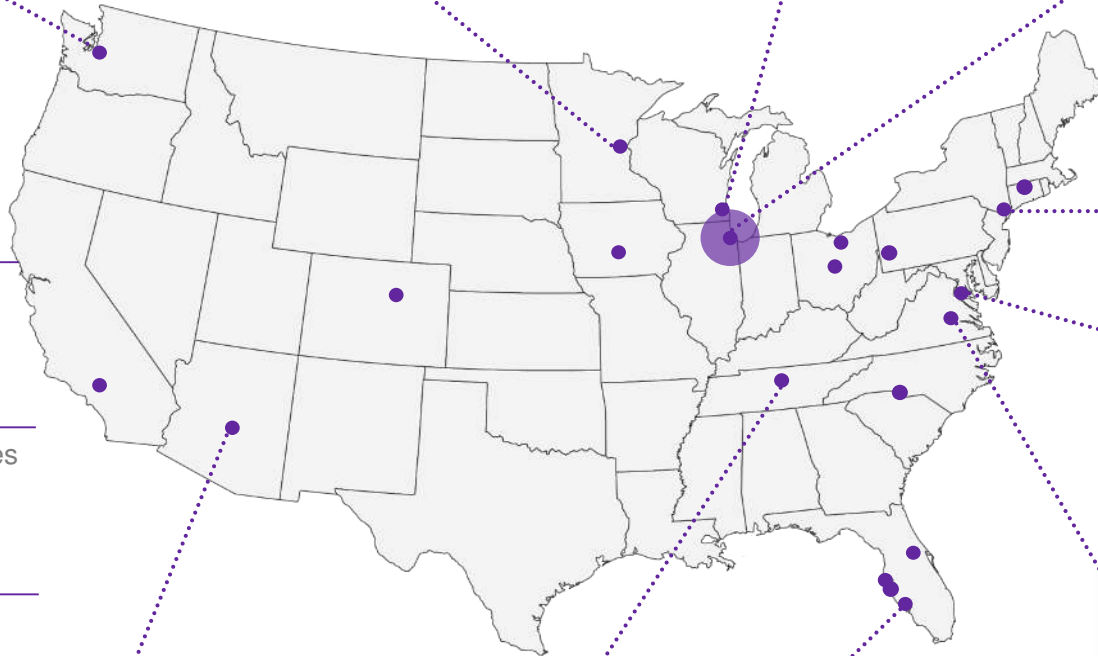
established

# 180+

number of associates

# 21

Registered offices



## NEW YORK

2 Grand Central Tower  
140 East 45th Street  
Suite 2200  
New York, NY 10017



## BETHESDA, MD

7500 Old Georgetown Rd  
Suite 750  
Bethesda, MD 20817



## RICHMOND, VA

5701 Patterson Avenue  
Suite 200  
Richmond, VA 23226



## SCOTTSDALE, AZ

14850 N. Scottsdale Rd  
Suite 350  
Scottsdale, AZ 85254



## NASHVILLE, TN

150 3rd Avenue South  
Suite 1150  
Nashville, TN 37201



## SARASOTA, FL

1605 Main Street  
Suite 1020  
Sarasota, FL 34236

# ZIEGLER SENIOR LIVING FINANCE PRACTICE



**DAN HERMANN**  
President & CEO, Head  
Of Investment Banking  
Chicago, IL



**RICH SCANLON**  
Sr. Managing Director  
St. Petersburg, FL



**TOM MEYERS**  
Sr. Managing Director  
Chicago, IL



**MARY MUÑOZ**  
Sr. Managing Director  
Scottsdale, AZ



**WILL CARNEY**  
Managing Director  
Chicago, IL



**STEPHEN JOHNSON**  
Managing Director  
Chicago, IL



**KEITH ROBERTSON**  
Managing Director  
West Hartford, CT



**TOMMY BREWER**  
Managing Director  
Richmond, VA



**TAD MELTON**  
Managing Director  
Richmond, VA



**BRANDON POWELL**  
Managing Director  
Richmond, VA



**MARK LANDREVILLE**  
Managing Director  
Minneapolis, MN



**SARKIS GARABEDIAN**  
Managing Director  
Seattle, WA



**AMY CASTLEBERRY**  
Managing Director  
Chicago, IL



**CHAD HIMEL**  
Managing Director  
West Hartford, CT



**AARON SCHROEDER**  
Director  
Milwaukee, WI



**DAREN BELL**  
Director  
Seattle, WA



**ADAM GARCIA**  
Director  
Richmond, VA



**JENNIFER LAVELLE**  
Director  
Chicago, IL



**TERRY HERNDON**  
Director  
Chicago, IL



**MARIE CARLSON**  
Director  
Chicago, IL



**GENIA WEEKS**  
Senior Vice President  
Richmond, VA



**MATT MULÈ**  
Vice President  
Scottsdale, AZ



**JASON CHOI**  
Vice President  
Chicago, IL



**CHRISTINA RAPPL**  
Vice President  
Minneapolis, MN



**ANDY NICODEMUS**  
Vice President  
Chicago, IL



**ADAM VANUCCI**  
Senior Associate  
Scottsdale, AZ



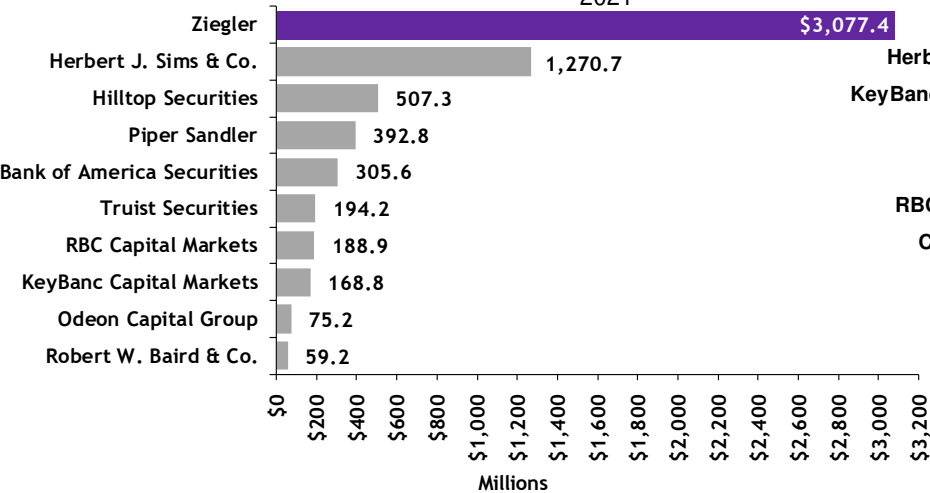
**PATRICK MORAN**  
Senior Analyst  
Chicago, IL



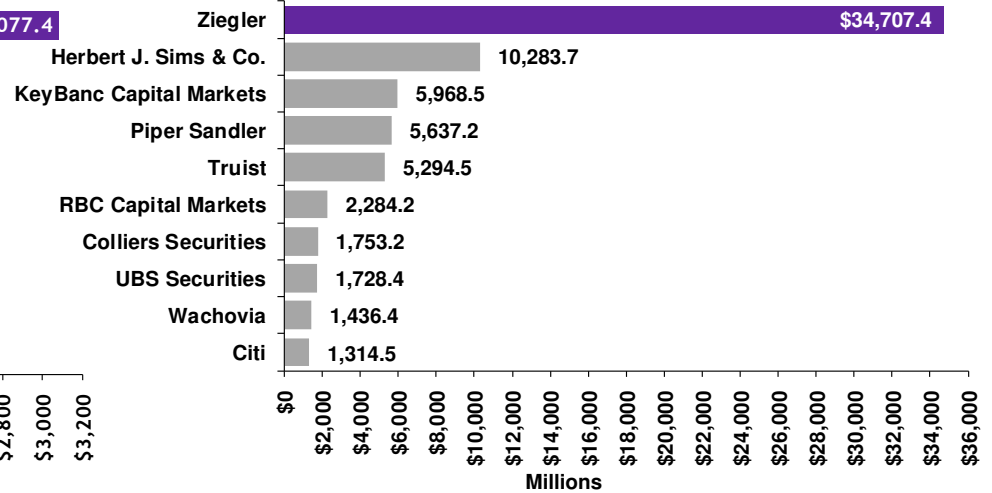
**KYLE JOHNSTON**  
Analyst  
Chicago, IL

# ZIEGLER - THE LEADER IN SENIOR LIVING NOT-FOR-PROFIT FINANCINGS

Top Lead Managing Underwriters  
Senior Living Finance NFP Bond Financings  
2021



Top Lead Managing Underwriters  
Senior Living Finance NFP Bond Financings  
2000 - 2021



**Plymouth Place**  
Senior Living  
Plymouth Place  
La Grange Park, Illinois  
Fixed Rate / Refunding  
MARCH 2021  
\$23,960,000

**cedar community**  
Benevolent Corporation  
Cedar Community  
West Bend, Wisconsin  
Taxable Line of Credit / Expansion  
JUNE 2021  
\$5,000,000

**Plymouth Place**  
Senior Living  
Plymouth Place  
La Grange, Illinois  
Private Placement  
Variable Rate / Refunding  
JULY 2021  
\$58,485,000

**EveryAge**  
Formerly United Church  
Homes and Services  
EveryAge  
Newton, North Carolina  
Fixed Rate / Refunding  
SEPTEMBER 2021  
\$22,205,000

**EveryAge**  
Formerly United Church  
Homes and Services  
EveryAge  
Newton, North Carolina  
Cinderella Bonds / Refunding  
OCTOBER 2021  
\$53,935,000

**BEATITUDES CAMPUS**  
Beatitudes Campus  
Phoenix, Arizona  
New Money  
Fixed Rate  
SEPTEMBER 2018  
\$20,160,000

**Horizon House**  
Horizon House  
Seattle, Washington  
New Money/Refunding  
Fixed-Rate  
DECEMBER 2017  
\$75,000,000

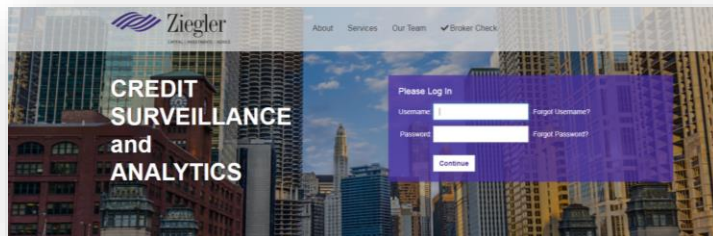


# ZIEGLER'S SENIOR LIVING RESEARCH, EDUCATION & THOUGHT LEADERSHIP

- Numerous educational events annually
- External industry research
- Internal research & database management



- Industry communication
- Ziegler Credit Surveillance and Analytics



# ZIEGLER SENIOR LIVING RESEARCH AND SPECIALTY PRACTICE ASSOCIATES

## Senior Living Research & Development



LISA MCCRACKEN  
Director  
Chicago, IL



CATHY OWEN  
Vice President  
Chicago, IL



LILY LUDWIG  
Research Assistant  
Chicago, IL

## Specialty Practice



SUSAN MCDONOUGH  
Catholic Elder Care &  
Post Acute Specialist  
Chicago, IL



CLAYTON WILSON  
Research Assistant  
Comprehensive HC  
Chicago, IL



# DIVERSITY'S ROLE IN STRATEGIC GOVERNANCE

# DIVERSITY IN GOVERNANCE: DEFINED

**Diverse Board Composition**

**Diversity in Experience/Background**

**Diversity in Thinking**

**Board Diversity vs. Consumer Diversity**

**Board Diversity vs. Workforce Diversity**

# DIVERSITY IN GOVERNANCE: BOARD COMPOSITION

## Diverse Board Composition

- Does you look around the board room and everyone looks the same?
  - Age
  - Gender
  - Race/Ethnicity
  - Lifestyle
- Do your bylaws have unintended consequences of limiting diversity?
  - No term limits
  - Requirements for sponsor representation on the board (e.g. clergy; certain faith; fraternal representation, etc.)

# DIVERSITY IN GOVERNANCE: BOARD COMPOSITION



*When companies misunderstand board diversification*

# DIVERSITY IN GOVERNANCE: DIVERSITY IN EXPERIENCE & BACKGROUND

## **Diversity in Experience & Background**

- Does you have a grid of board skill sets (existing & desired)?
  - How traditional or “out of the box” are those categories?
- Do you populate to govern who you are or where you are going?
- Is there a resident/consumer voice on the board?

# DIVERSITY IN GOVERNANCE: DIVERSITY IN THINKING

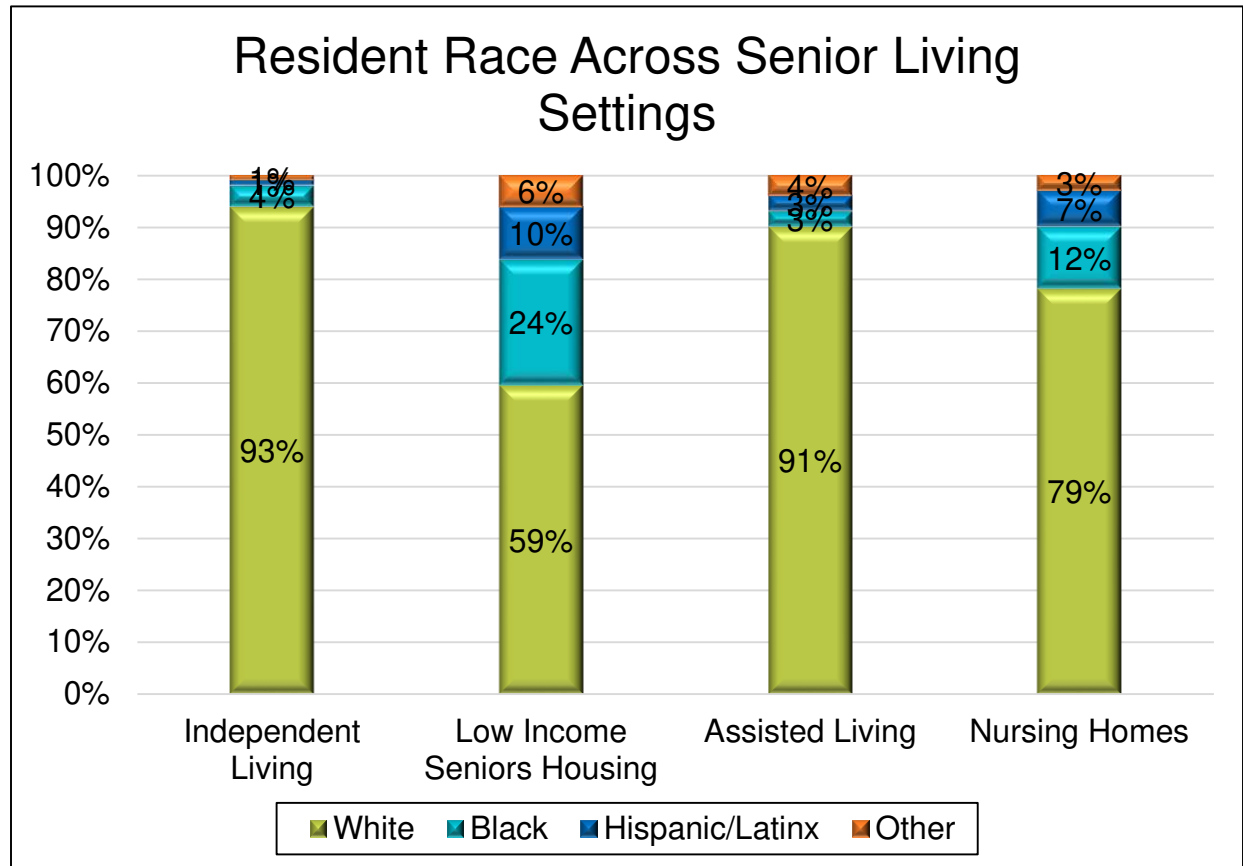
## **Diversity in Thinking**

- Does you encourage diversity in opinions?
- How are board discussions structured to solicit diverse viewpoints?
- How have diverse opinions and perhaps healthy discourse been handled in the past?



# DIVERSITY IN GOVERNANCE: BOARD DIVERSITY VS CONSUMER DIVERSITY

## Board Diversity vs. Consumer Diversity



Source: 2021 Seniors Housing Data Book

- Does the board composition mirror your consumer base?

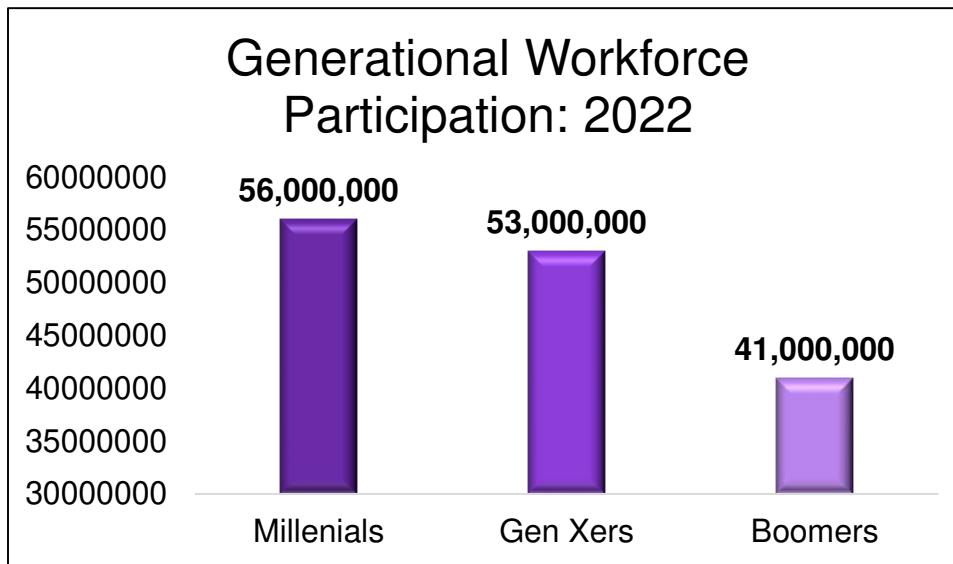
# DIVERSITY IN GOVERNANCE: BOARD DIVERSITY VS WORKFORCE DIVERSITY

## **Board Diversity vs. Workforce Diversity**

- Does the board composition represent the perspective of your workforce?
- Profile of residential care aides:
  - 85% are women
  - 31% are Black/African American
  - 21% are immigrants
  - Roughly half have no formal education beyond high school

# WORKPLACE DIVERSITY: THE MILLENNIAL MINDSET

- A 2018 study published by Deloitte shows that Millennial workers have a better perception of leadership of diverse and forward-thinking companies. They see these work environments as more motivating and stimulating.<sup>1</sup>



Source: Pew Research Center

By 2025, millennials will represent 75% of the global workforce.

<sup>1</sup>Source: 2018 Deloitte Millennial Survey

# EMBRACING CHANGE

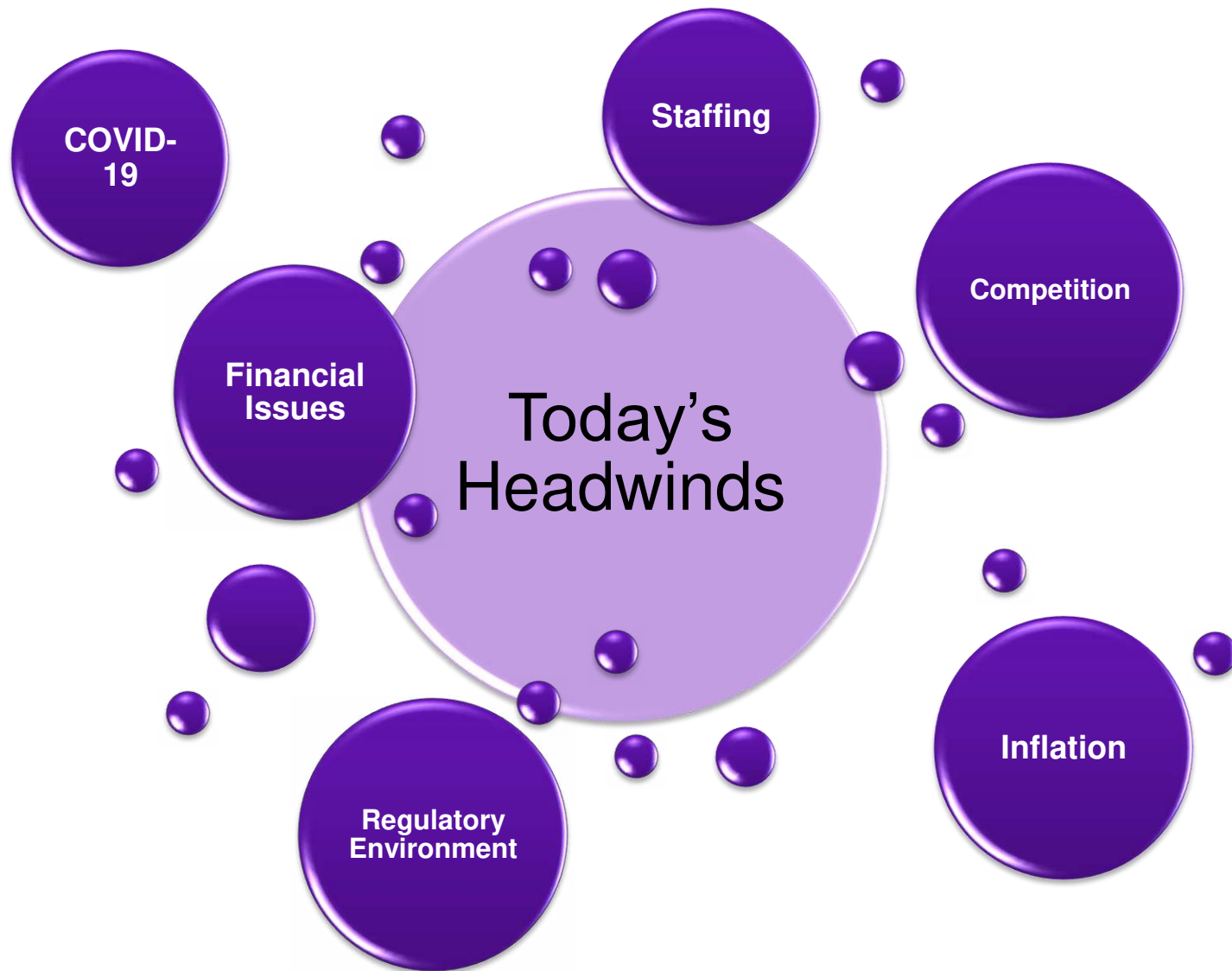
- Committing to Diversity in Governance generally requires change
  - How you approach board recruitment
  - Board tenure
  - Board bylaws
  - Ongoing board education
- The pace of change will vary across organizations and even within organizations

*“The only constant is change, and the rate of change is increasing.”*

*-Peter Diamandis*

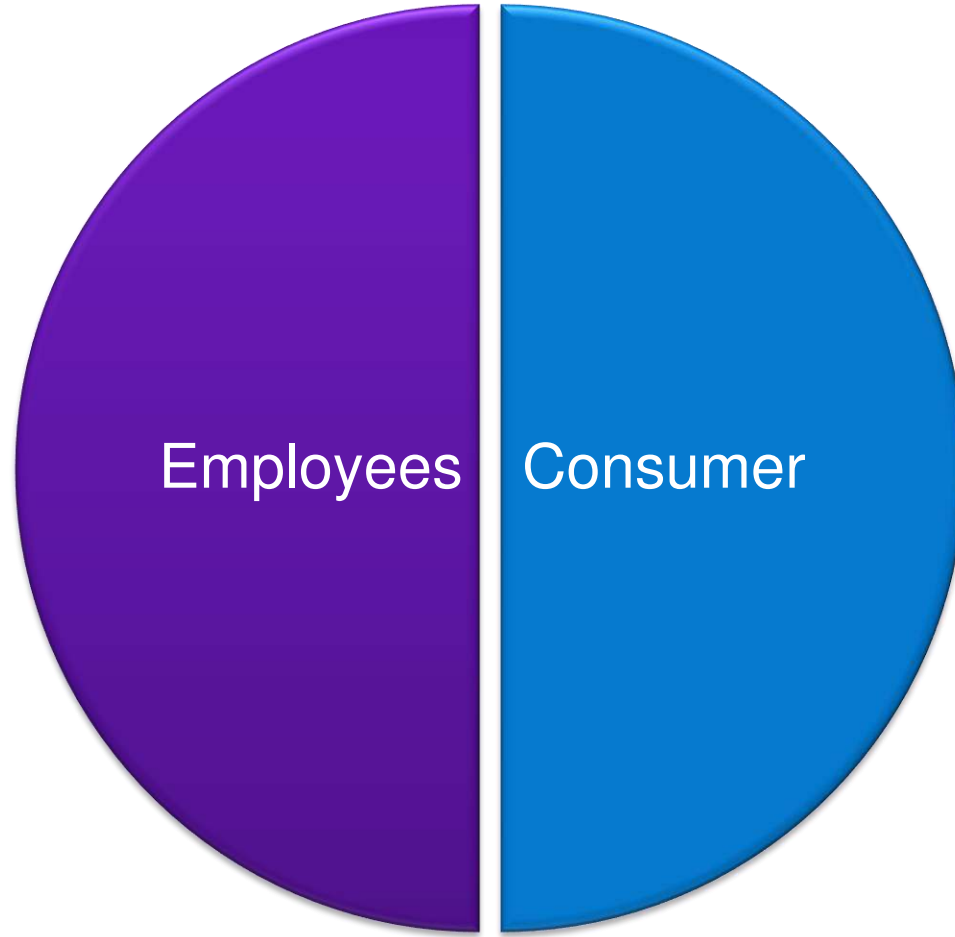
## KEY NOT-FOR-PROFIT TRENDS

# HEADWINDS





# REBUILDING YOUR FOCUS: WHO IS YOUR CUSTOMER?



# OPPORTUNITY & NEED IS GROWING

- The not-for-profit (NFP), faith-based sector has a role
  - Need to ensure long-term viability
- In many respects, the private sector is presenting alternative models and growing at a faster pace than the NFP sector

Percent of individuals reporting symptoms of anxiety disorder and/or depressive disorder jumped from 11% in 2019 to 41% in 2021<sup>1</sup>

The COVID-19 pandemic has caused a surge in mental health needs of children of all ages.<sup>1</sup>

Drug overdose deaths in the U.S. Top 100,000 Annually<sup>2</sup>

By 2050, the caregiver ratio is expected to drop to 2.9% from 7.2% in 2010<sup>3</sup>

Roughly 10,000 individuals turn 65 every day in the U.S.<sup>4</sup>

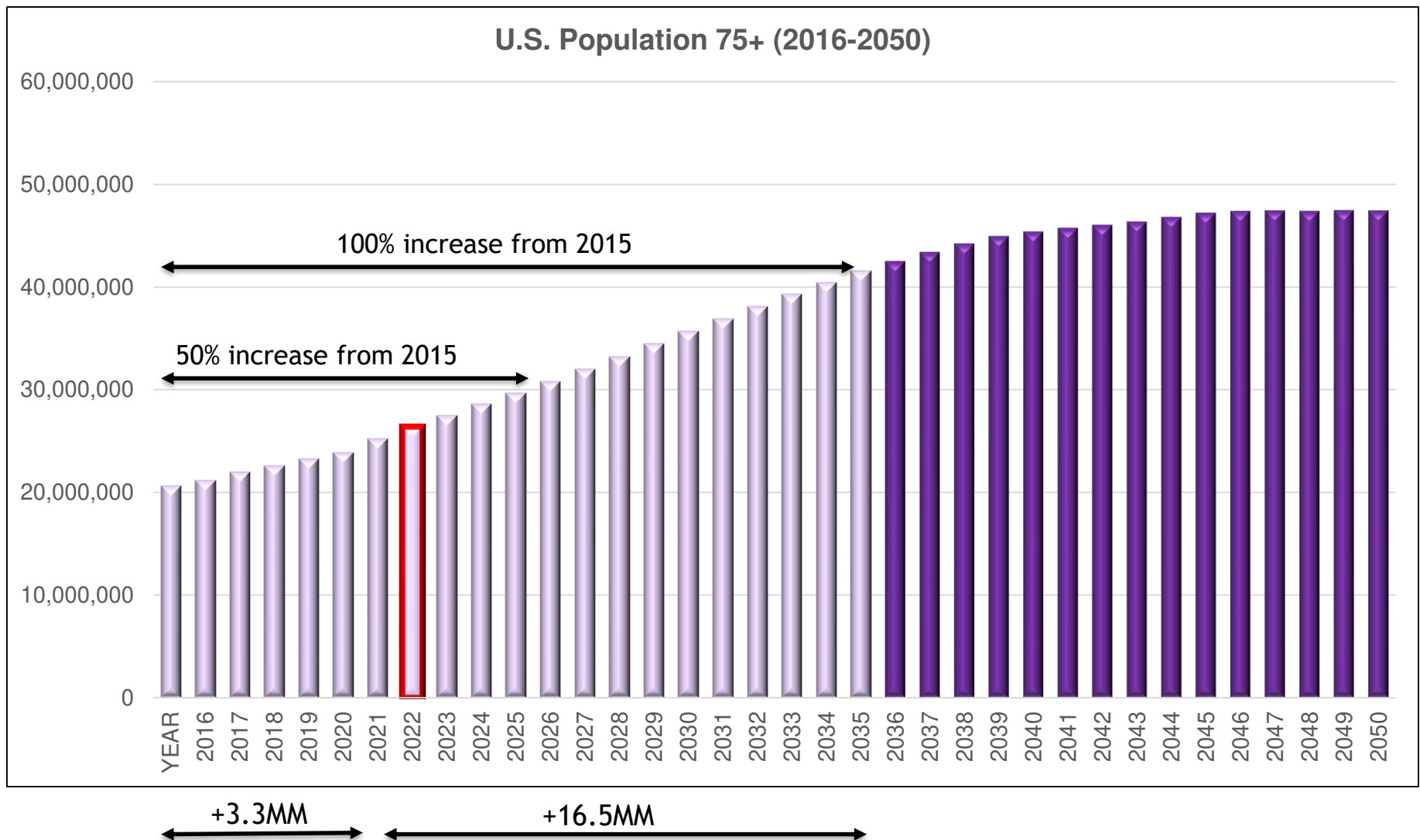
<sup>1</sup>Source: Kaiser Family Foundation

<sup>2</sup>Source: National Center for Health Statistics, November 2021

<sup>3</sup>Source: AARP

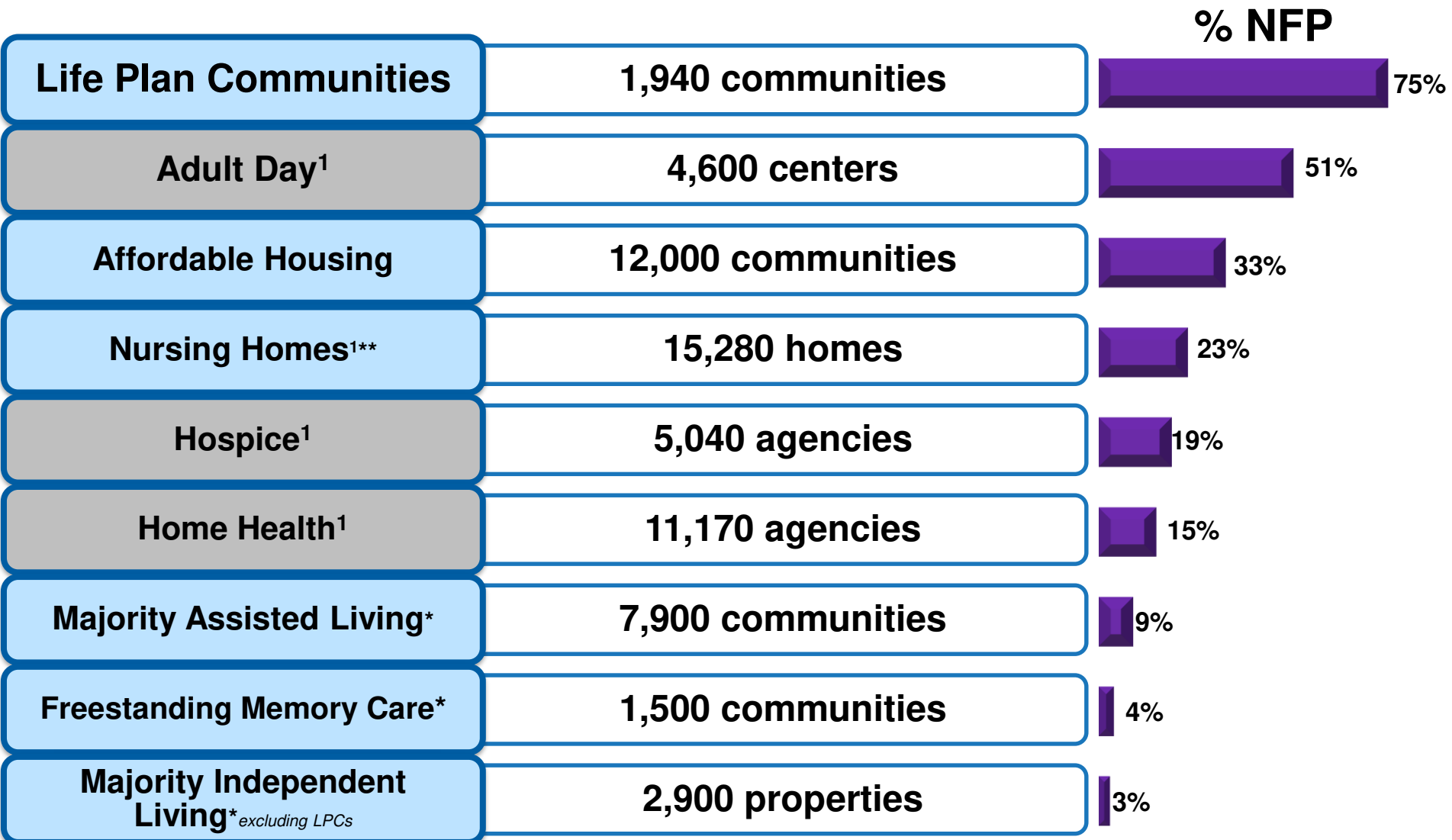
<sup>4</sup>U.S. Census

# AN AGING U.S. POPULATION: AN OPPORTUNITY



# TODAY'S RETIREMENT OPTIONS

## A LOOK AT SENIORS HOUSING & SERVICES SUPPLY



\*REPRESENTS NIC 140 MARKETS \*\*Nursing Home data includes both freestanding SN and those within a larger continuum

Sources: Ziegler National CCRC Listing & Profile (Sept. '21), \*NIC Investment Guide, Sixth Edition (2020)

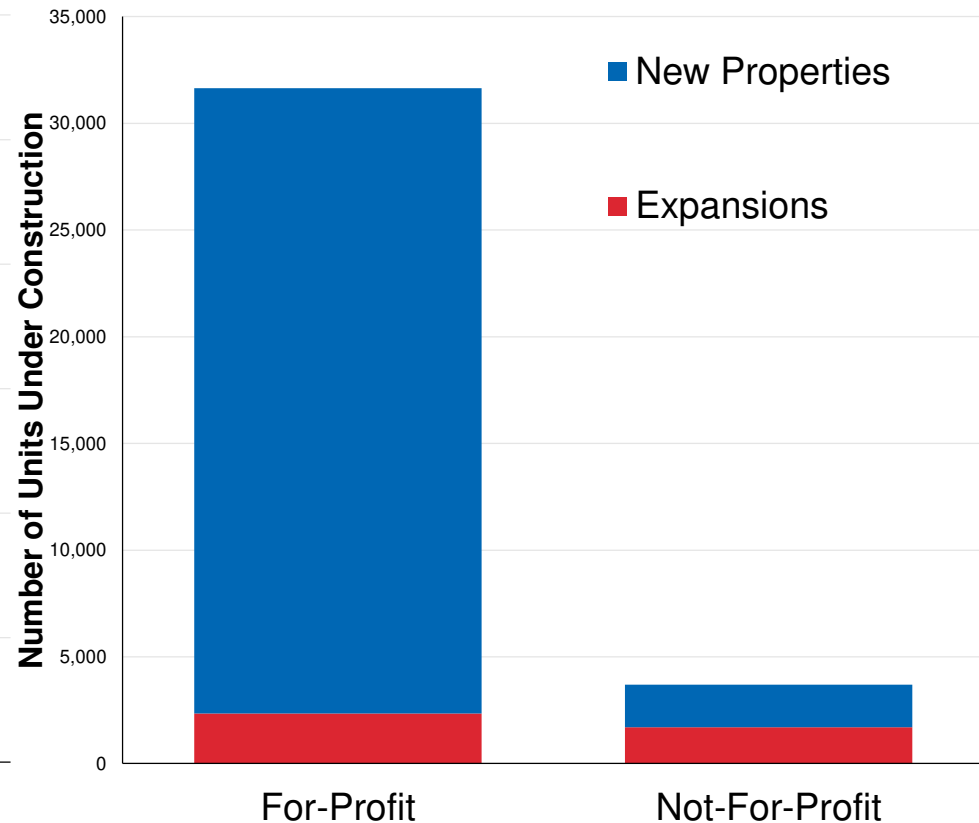
<sup>1</sup>Centers for Medicare and Medicaid Services (July & Aug., 2021)

# VARYING GROWTH PATTERNS: FP VS NFP

Seniors Housing Construction by Profit Status;  
MAP31 As of 4Q21

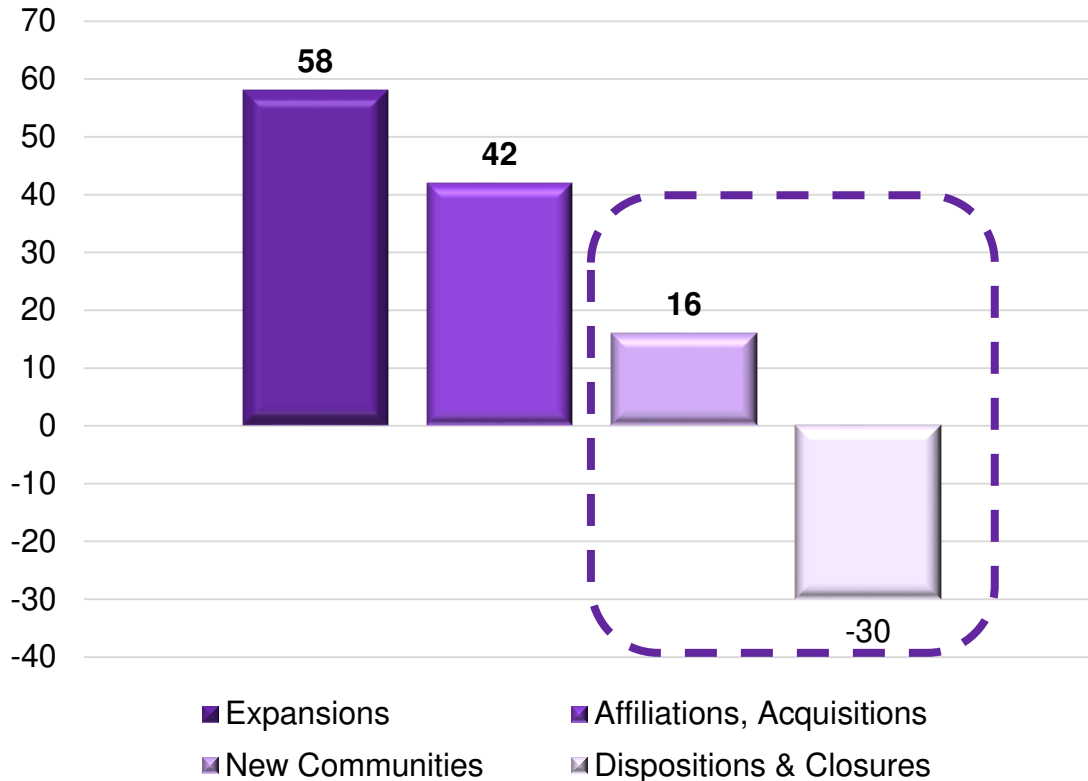


Seniors Housing Construction by Profit Status; MAP31  
As of 4Q21



# NFP SENIOR LIVING GROWTH OVER THE PAST TWO YEARS

LZ 200 Growth (2019 & 2020)














## TRENDS

- Nearly all NFP growth is coming from existing providers
- Number of NFP closures and dispositions outpacing the number of new campus developments
- Increasingly, new developments without SN component

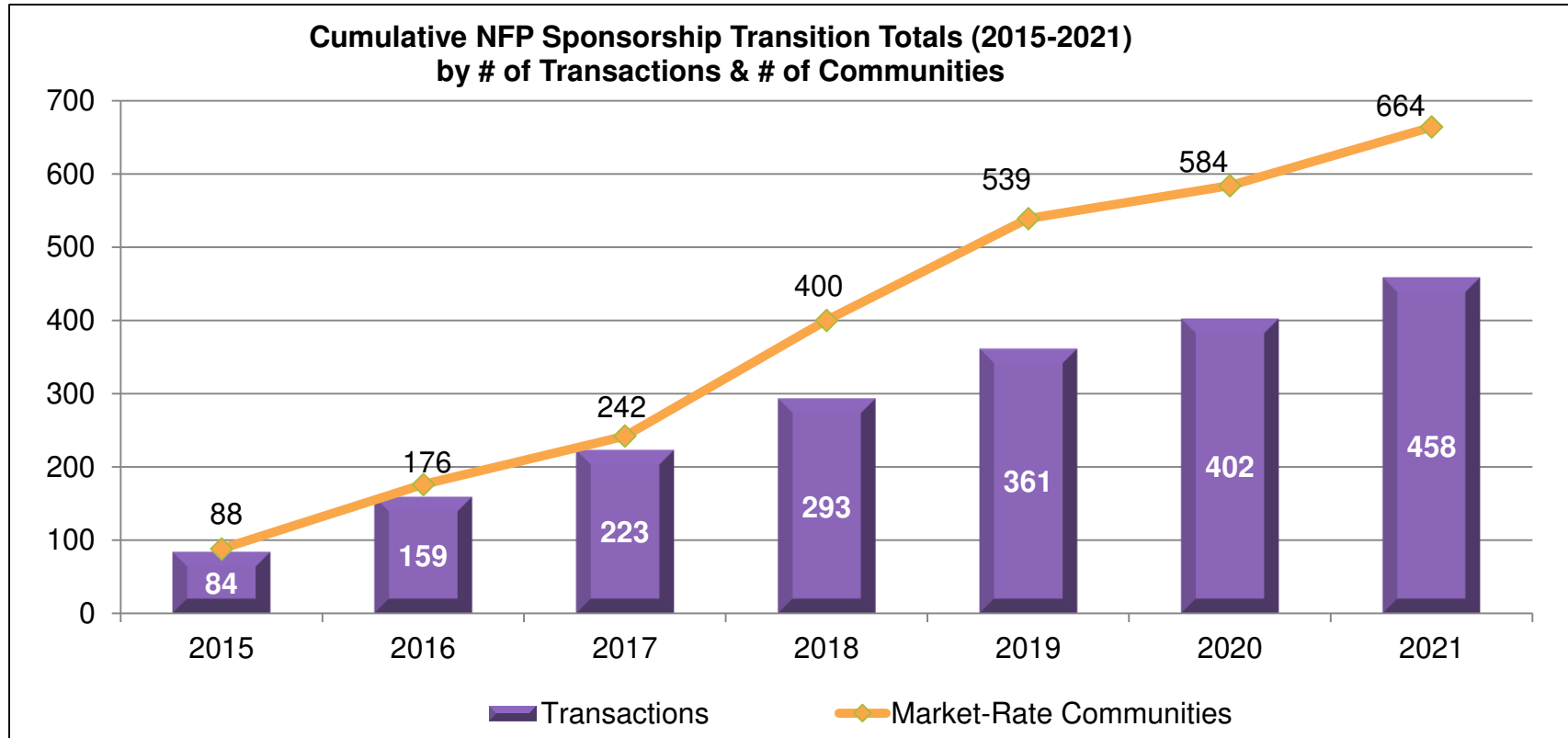


# PRIMARY DRIVERS OF NFP SENIOR LIVING CONSOLIDATION

	1990	2000	2010	2021
 Ability to Attract & Retain Talent		✓	✓	✓
 Complexities of Healthcare		✓	✓	✓
 Financial Pressures			✓	✓
 Leadership Turnover		✓	✓	✓
 Competition			✓	✓
 Board Strength				✓
 Technology Demands		✓	✓	✓
 Access to Capital	✓		✓	✓
 Reinvestment Requirements				✓
 Health System Consolidation		✓	✓	✓
 Diversify Service Lines				✓

COVID-19  
ACCELERATED

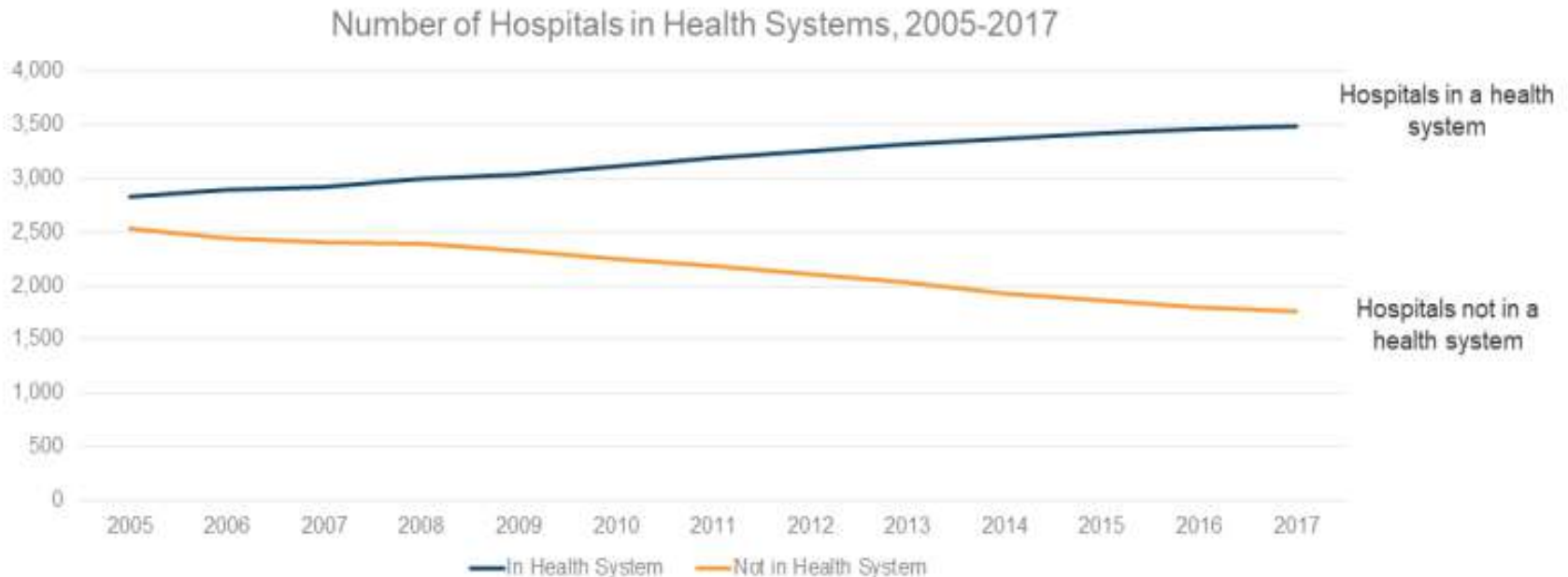
# SECTOR CONSOLIDATION IN NFP SENIOR LIVING (2015 – 2021)



- Since 2015, 49% have been dispositions to the FP sector (SNFs; distressed communities)
- LPCs are the most likely to stay NFP if up for ownership transition
- Increase in NFP closures the past two years

# CONSOLIDATION HAPPENING ACROSS MANY SECTORS OF HEALTHCARE & SOCIAL SERVICES

## The Number of Hospitals that Are Part of Hospital Systems Increased from 2005 to 2017

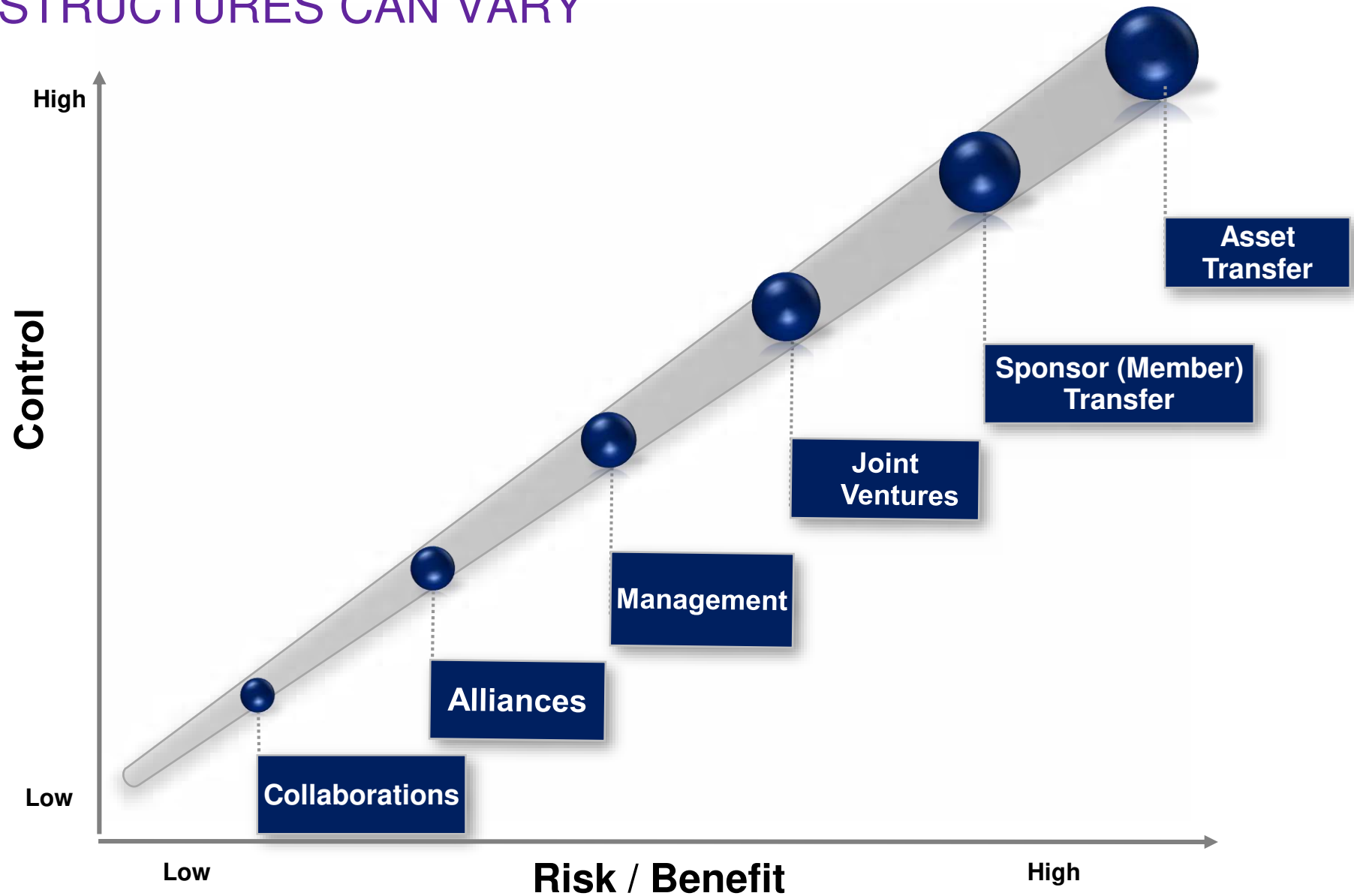


Source: Analysis of American Hospital Association Annual Survey data 2017 for community hospitals

## THE ROLE OF FAITH IN SPONSORSHIP TRANSITIONS

- Across the past five years, 80% of the NFP to NFP sponsorship transitions have been among faith-based providers
  - 52% were with another faith-based organization (may/may not be within the same denomination)
  - 20% of those within the same faith/denomination
- If there is a need to seek a partnership with another, it is important to focus on alignment of mission and values, which can often be found outside one's denomination

# STRUCTURES CAN VARY



## KEY GOVERNANCE TAKEAWAYS

- If change is needed, do not wait too long to make a decision
- The longer you wait, the more your options will be limited
- There is no mission preservation if the end result is closure
- Board education is critical; board composition critical as well
- Do not be afraid to seek creative partnerships and support from one another even within the CHHSM membership



# TECHNOLOGY: OUR PARTNER



## NOTEWORTHY TRENDS

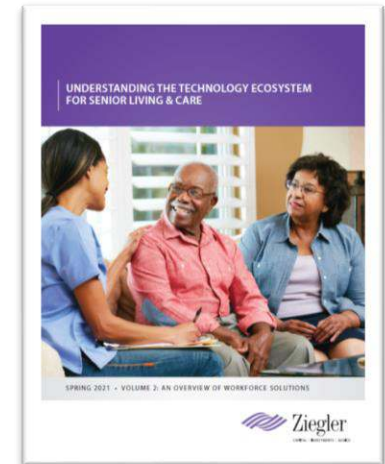
- Technology adoption rose dramatically during the pandemic
- Evolution of technologies from novel to norm (e.g. Resident engagement; Fall prevention)
- Emergence of enterprise-level systems
- Innovation and technology solutions are following the pressure points
  - Workforce technologies as an example
- Consolidation, particularly in EMR space

# PERSONALIZED RECRUITMENT & HIRING

## SMART RECRUITMENT THROUGH TECHNOLOGY

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- Talent acquisition technologies
- Goal is to improve efficiency of hiring process, reduce turnover
- Prediction of candidate “fit”
- Increasingly heavy adoption by health systems and larger for-profit senior living & care providers
- Digital recruiter role
- Geo-fencing



## SEIZE THE OPPORTUNITY: GROWTH CONSIDERATIONS

- Alignment needed among board and leadership team as to the rationale for growth: “Why, When & Where?”
- Pace of change and risk tolerance will vary by organization
- Corporate structure can facilitate, or hinder, growth plans
- Importance of proactive growth stance (rather than passive or reactive)
- Determine whether you can achieve growth strategies alone or in partnership with another



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## QUESTIONS & DISCUSSION

# ABOUT ZIEGLER

- Ziegler is a privately-held investment bank, capital markets, and proprietary investments firm
- A registered broker dealer with SIPC & FINRA
- Ziegler provides its clients with capital raising, strategic advisory services, equity & fixed-income trading, and research
- Founded in 1902, Ziegler specializes in the healthcare, senior living, and educational sectors as well as general municipal finance

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