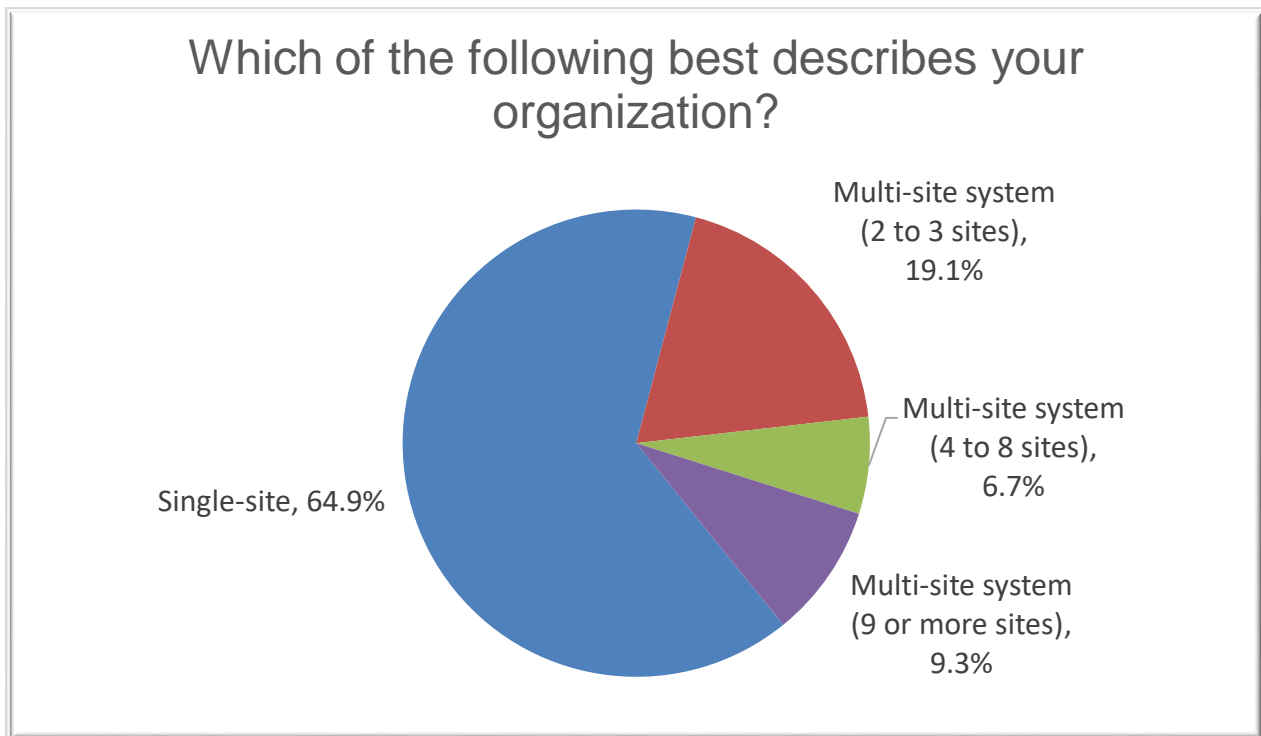


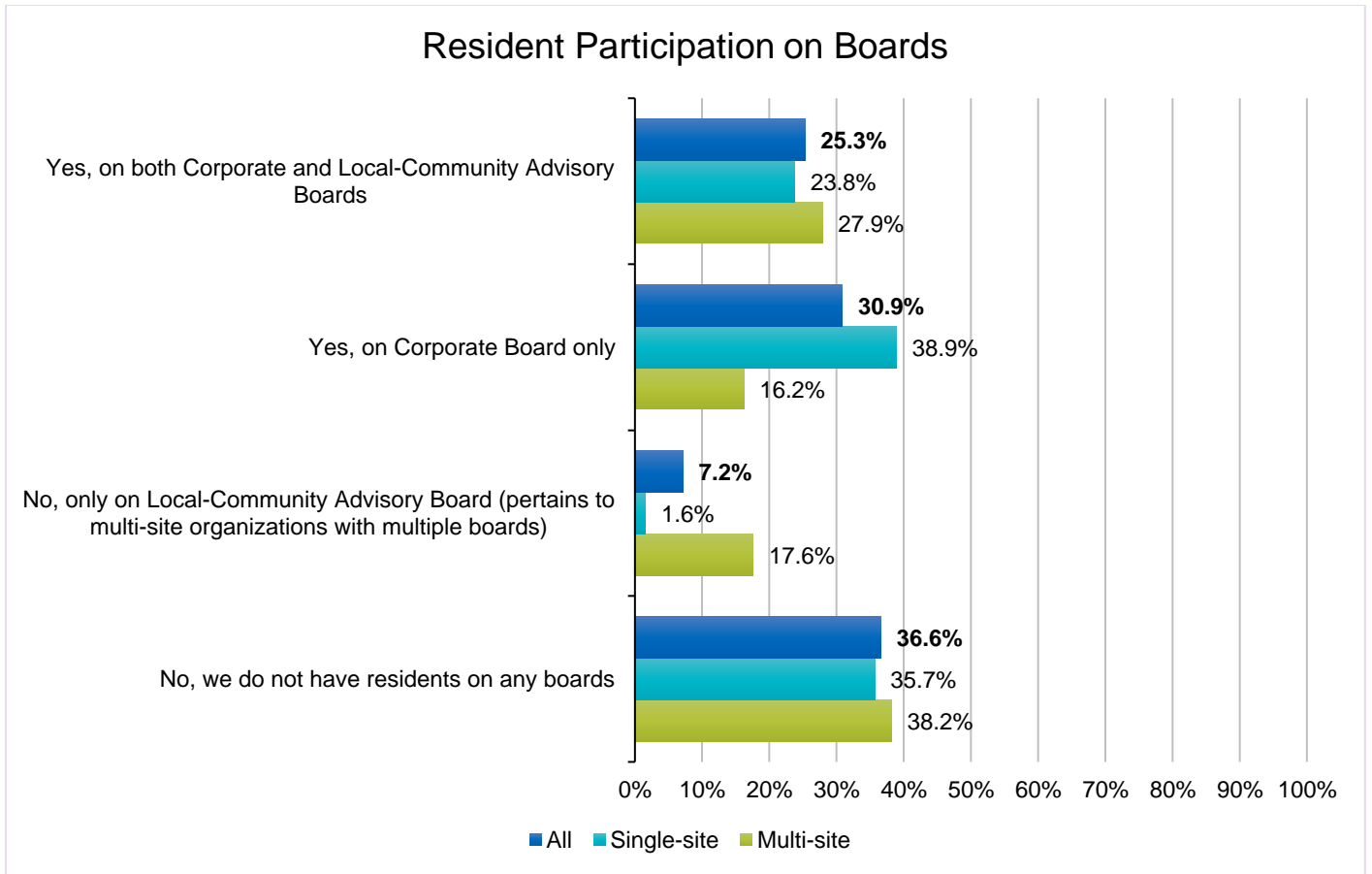
# RESIDENT PARTICIPATION ON BOARDS

ZIEGLER CFO HOTLINE<sup>SM</sup>

In June 2019, a *Ziegler CFO Hotline<sup>SM</sup>* survey gathered feedback on Resident Board Participation among senior living organizations. Just under 200 Chief Financial Officers (CFOs) and financial professionals participated in this survey. Of the 194 respondents, 65% were from single-site organizations and 35% of respondents represented multi-site providers of varying sizes.

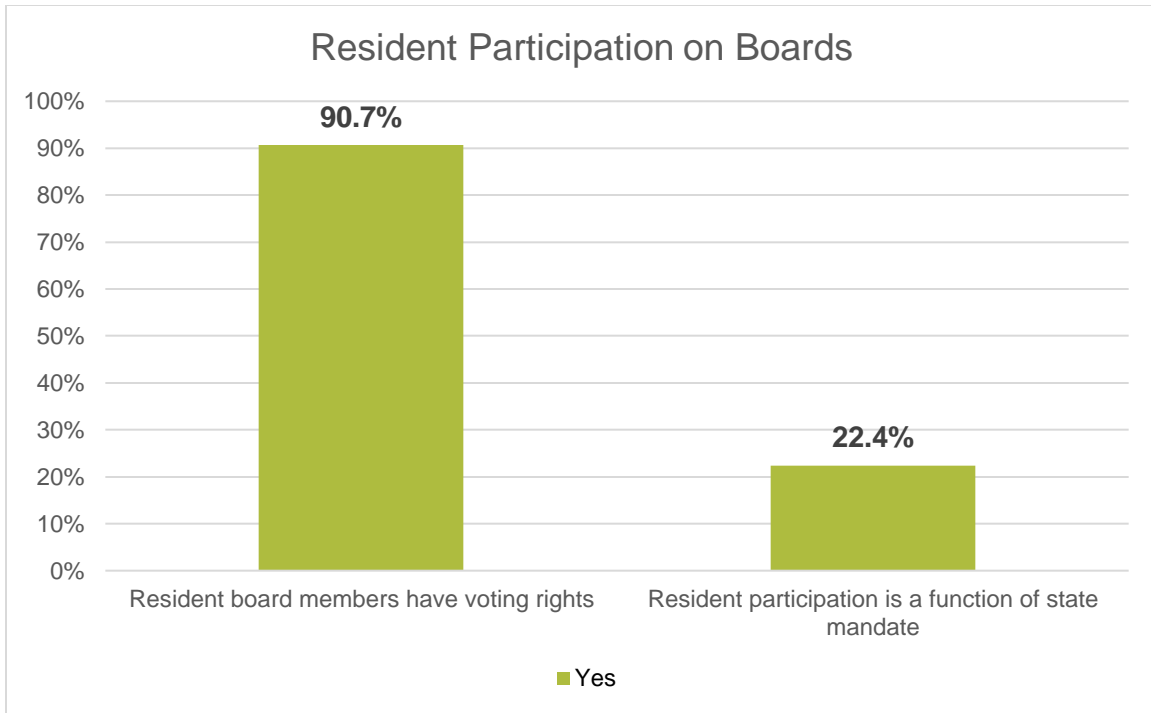


To capture the structural differences of multi-site organizations compared to single-site communities, the questions differentiated between local-level boards (often applicable for multi-sites) and corporate-level boards. Nearly two-thirds of respondents (63.4%) reported having residents participating on their boards, either corporate and/or local. One quarter have residents on both the corporate and local boards, another 30% have residents on just the corporate board, while 36% have no residents on a board of any level. Resident participation at the corporate board level is higher for single-site providers (62.7%) than for multi-site organizations (44.1%).



For organizations with residents on their corporate-level boards:

- Nine out of ten surveyed said that residents who sit on these boards have voting rights.
- More than one-fifth (22.4%) report that board participation is a function of a state mandate.

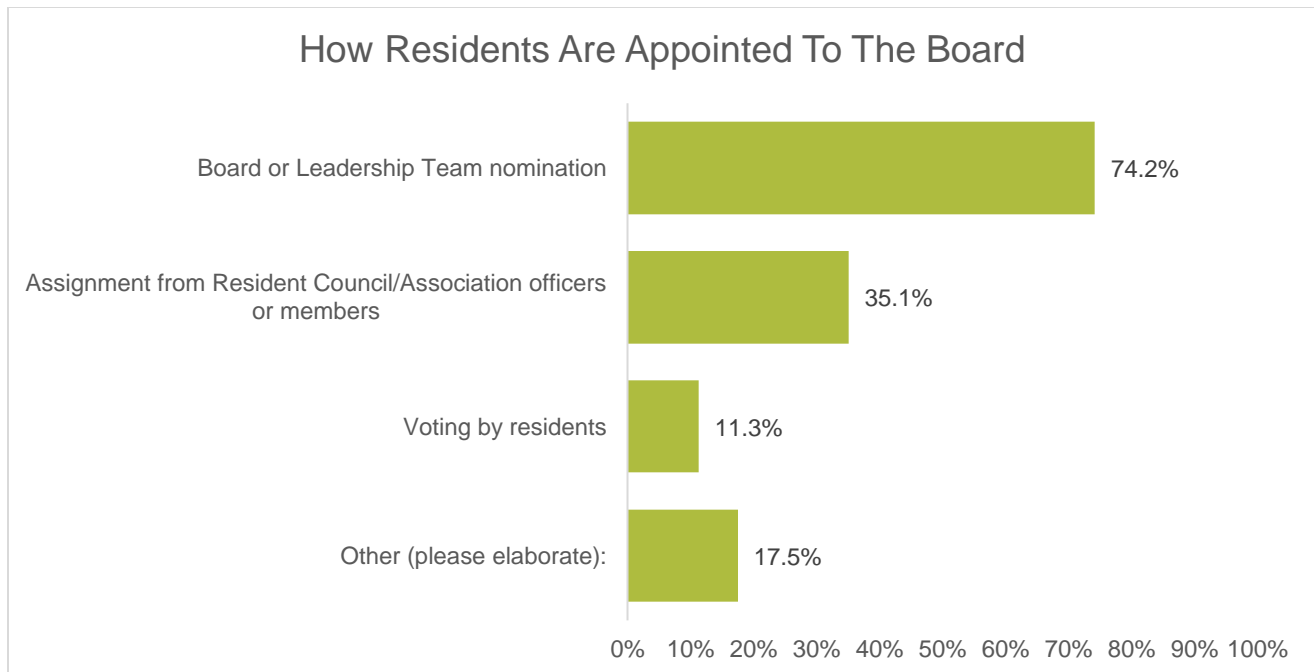


For those organizations with residents on their corporate boards, the average number of residents on a board is just over 2, while the average total board membership is about 14. On average residents make up 16.6% of corporate board membership.

### Resident Participation on Corporate Boards

Statistic	Avg. Number of Residents on Board	Avg. Total Number of Board Members	Percentage of Board that is comprised of Residents
Minimum	1	7	3.3%
Median	2	14	14.3%
Maximum	7	30	77.8%
<b>Average</b>	<b>2.3</b>	<b>14.2</b>	<b>16.6%</b>

Survey participants were queried on how residents are appointed and/or elected to board positions (multiple responses were possible). Three quarters indicated that residents are nominated by the board or leadership team, 35% said assignment from Resident Council/Association officers or members, and 11% by resident vote. For the 17% responding “Other” the comments primarily were a combination of the above options: a council or committee nomination/recommendation that is approved by the board was mentioned most often.



Note: Numbers add up to more than 100% as the question was “check all that apply”

For organizations without resident representation on their corporate-level boards, only 7.2% said they are considering adding them within the next few years.

Lastly, the survey allowed for open-ended comments to be made. About one-third of respondents added comments. Of those, 16.3% clarified that the President of the Resident Committee sits on the board but does not have voting rights, 14.7% said residents sit on other committees (finance, advisory and others), while roughly 10% commented positively on the value of having resident(s) on their boards. Below is a sampling of all comments:

- *The board Governance Committee selects all board members based upon skills needed for the board, generally and specifically.*
- *Resident Board members are also assigned to the Finance Committee*
- *Our board invites the Resident Council President from each community to attend board meetings. The Resident Council President is allowed to participate in all board meeting activities with the exception of Executive Session matters.*
- *The Resident Advisory Board Members provide excellent feedback and insight for Governance Board Members.*
- *Our resident councils meet regularly with the community Executive Directors. Our executive team presents an annual update at each community with question and answer sessions, and all residents and prospective residents are encouraged to contact the corporate office with any material questions or concerns throughout the year.*
- *We believe the potential conflicts of interest and other logistics do not favor having a resident on the boards of systems; we have set up formal opportunities, though, for resident council representatives to interface with our board's executive committee on a regular basis, to ensure that their concerns are heard.*
- *Rather than residents, often times we will have family members of residents on our boards*
- *We value the inputs from each resident advisory board. The corporate Board receives both written and verbal reports through the Customer Performance Committee with report and follow-up dialogue occurring at the advisory levels.*

- *The Resident Council Chairperson at each CCRC is invited to attend the local committee meeting and two board meetings a year with no vote. One board meeting is to review the annual budget and the other board meeting is to hear our auditors financial statement presentation.*
- *We are part of a hospital system. Resident is on our local board but not on hospital level.*
- *The one resident spot on the parent or Corporate Board is filled through the Board's governance and nominating Committee. The resident is expected to add knowledge and expertise - not merely on the Board as a function of a popularity contest.*
- *Our board follows Carver's policy governance.*
- *We not only have one voting member, we have 4 additional residents that attend representing different Resident committees. They give reports and have input.*
- *Our Board must be made up primarily of resident members. Its been that way since we started 57 years ago!*
- *For 2020 one of our residents will be Chair of our board*
- *Any resident Board member must recuse themselves from any resident issues including the budget.*
- *The Resident Board Terms are different from the General Board Terms to allow for the opportunity for more Residents to serve on the Board.*
- *We are a Quaker organization so no one on the Board has "voting rights." Residents are not appointed as resident representatives but for their expertise. Two are Emeritus members (past Board Chairs).*
- *Our by-laws only allow for Residents residing in our Independent living Community and our Supportive Living Community to sit on the board. Residents of the Skilled Nursing Facility are not eligible to sit on the board.*
- *Bylaws of the Corporation limit the number of residents on the board to a maximum of 3 with one exception. If a nonresident board member becomes a resident and doing so exceeds the max, the board member may complete their existing term but may not be renewed unless doing so would be within the max limit.*
- *We do have 3 residents (out of 9) sitting on our Foundation board, but not on the corporate board.*
- *We are a single site rental community. We usually have a family member of residents on our board. We currently have 3 board members with a parent/relative in our community. My concern with having residents on our board is the lack of concern about future plans. When I try to share about long range planning, some residents have made it clear they only are concerned about the present.*
- *Conflict of Interest & Confidentiality are concerns we deal with at times.*
- *There is nothing requiring residents to be on the Board within our bylaws, however, there is a limitation on how many residents can sit on the Board at any given time. We have been very fortunate to have resident Board members who work on behalf of what is best for the organization.*

*The senior living organizations' responses included in this report have been collated without verification of the accuracy of the data/comments therein. The results provided do not express an opinion of nor can they be guaranteed by Ziegler.*

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