

Lourdes Senior Community Boards Retreat

Tuesday, April 23, 2024, 11:00 a.m., LRHC Chapel

Note: Includes Board of Directors for Lourdes, Inc., Fox Manor, Clausen Manor (Lourdes Alzheimer's Special Care Center), Joseph T. Mendelson Assisted Living Home (Lourdes Assisted Living), Dominican Health Care and Lourdes Campus Fund

BOARD MEMBERS PRESENT

Richard Acho, President and CEO
Erin Asdell
Sister Janice Bachman, OP
Brian Condit, Chair
Linda Gifford
Peggy Holden
Henrietta Juras, MD
Msgr. Michael LeFevre
Joseph Manuszak
Sister Peggy Martin, OP
John Noone, Secretary/Treasurer
Barbara Mendelson, Vice President (via Zoom)
Paul Propson
Sister Barbara Rund, OP

STAFF PRESENT

Colleen Burke, Director, Clausen Manor
David Krolkowski, Director, Finance
Rebecca Latta, Director, Human Resources
Robin McClintock, CTRS, CASP, Director, Fox Manor and Mendelson Home
Maureen McGee, Administrator, Lourdes Rehabilitation and Healthcare Center
Jason Mize, Director, Plant Operations
Wendy Mosella, Director, Development and Marketing

GUESTS

Mark Butler, Dominican Sisters of Peace
Claire Crane, Dominican Sisters of Peace
Rob Long, Plante Moran
Jordan London, Edmond London & Associates
Laura Hester, Consultant

WELCOME

The meeting was called together at 11:00 a.m. by Mr. Brian Condit. A full quorum was present.

OPENING PRAYER

The Board members read the prayer.

REVIEW OBJECTIVES AND AGENDA

Mr. Condit reviewed the agenda and the objectives of the day.

DOMINICAN CHARISM INITIATIVE

Sr. Janice Bachman, OP, introduced Mark Butler and Claire Crane who run the Founded Ministries office for the Dominican Sisters of Peace. Mr. Butler and Ms. Crane oversee the implementation of the Dominican charism within the founded ministries. Those ministries include involvement in education, including two colleges and four pre-K to 12 institutions. The ministries are engaged in housing, spiritual life, healthcare, ecology, and community centers. The Founded Ministries office provides an annual meeting for ministry leaders and Board representatives from each of the Founded Ministries. Mr. Acho and Mr. Noone represented Lourdes at this year's meeting in February.

The Founded Ministries office has been involved in the Dominican Charism Initiative project for the past seven years. This was a collaborative effort from Dominican congregations worldwide to create an online learning platform to be used by women religious and associates. The training consists of eight modules and although well done, they are not conducive to a Board setting. Ms. Crane has since gone through the modules and created resources that can be used at a Board meeting or a retreat with limited time commitment.

Ms. Crane played the song from the Dominican Sisters of Peace's 200th anniversary celebration and shared a prayer based on the song. The term charism simply means spiritual gift. The Dominican Charism Initiative details the sharing of each other's spiritual gifts in order to serve. The Dominican Sisters of Peace as a congregation have a commitment to be peace, to build peace, and to preach peace. The Dominican Sisters of Peace take the vow of itinerancy which means being willing to go where they are needed to preach peace.

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Ms. Crane reminded the members of the Board to be mindful of the Lourdes mission and to use it as a guide while exploring the possibilities for the future. She closed her time with a prayer.

SUMMARIZE STRATEGIC IMPERATIVES

Mr. Condit refreshed the members about the strategic imperatives identified at the Board Retreat in April 2022. The packet included a description of the strategic imperatives. Mr. Acho provided an update on each imperative. The workforce was explored to ensure that the best talent was captured and retained. A workforce assessment and strategy have been put on hold as the workforce at Lourdes Senior Community has stabilized. The HR Committee has revamped the sign-on bonus structure and explored alternative ways to hire. Staff engagement activities have been expanded with a March Madness contest, treat days, and monthly contests. We Care Connect provides employee engagement surveys through LeadingAge MI which is paid for by grant. Employees are offered surveys twice a year and receive \$100 each time they complete a survey.

Two insurance payors' contracts have been negotiated to increase per-diem rates. Levels of acuity and bed counts are continually monitored. 20 beds at LRHC are being delicensed effective April 30, 2024, bringing the licensed bed count to 80. The CEO, DON and Administrator continue to nurture the relationship with Trinity Health Oakland, LRHC's biggest referral hospital. A meeting was held with a local assisted living facility that does not offer skilled or rehab care. The facility was encouraged to refer their patients to Lourdes when skilled care was needed with the agreement that they would return to their assisted living. Doctors from Henry Ford were met with to discuss a potential hospital-at-home program. The Quality Resident Care Committee evaluated the home health care partners.

The Lourdes Senior Community expanded its marketing outreach through two TV commercials. The Senior Living magazine continues to be distributed to new prospects. Postcards about the campus were mailed. Facebook marketing posts are continual. A new marketing company updated the LSC website. Advertisements are being circulated through the Detroit Catholic and the AOD Newsletter, a publication of the Archdiocese of Detroit.

Campus events are increasingly communicated through Constant Contact emails. Monday morning Mass service is open to everyone. Estate planning seminars are being held in the evenings by a local attorney to attract more people to the campus.

The Finance Committee prepared a five-year proforma, discovering that change was needed to avoid over a \$1M loss each year. Realignment has turned things around with profits being shown monthly. A plant-needs inventory was performed. Fox Manor is 34 years old and improvements are continually made. \$6M has been designated for miscellaneous plant needs over the next 10 years. Technology upgrades are also in the plans. Quarterly meetings are held with the IT company to discuss future IT needs and resources required to stay in compliance. LSC continues to be engaged with the Ziegler Linkage Fund to learn about new technology opportunities as it related to senior living.

INDUSTRY TRENDS AND ALIGNMENT

Mr. Rob Long, a partner at Plante Moran in the management consulting healthcare group, spoke about where Lourdes Senior Community is financially and what is being seen in the senior living environment. The market study that was completed by Plante Moran two years ago indicated that additional independent living offerings are needed in Waterford.

Mr. Long explained that at the end of 2023, LSC had \$34M in cash and investments. Cash on hand for LSC is over 760 days. This is unusual for the low number of independent living apartments we have on campus. Assisted living and nursing typically have less margin than independent living. The debt service coverage ratio measures

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cash that is generated from operations. LSC is generating \$4.10 for every \$1 that is being spent on principal and interest in 2023. The average age of the LSC facilities has dropped with the completion of LRHC. Lourdes Senior Community's operating ratio is significantly less than the benchmark. In summary, Lourdes has a significant amount of liquidity relative to current operations, the balance sheet is significant, and current operations are both self-sustaining and additive to current financial capacity.

The Senior Living Market will see tremendous growth in the next 25 years. Occupancy at LSC has remained higher than the market average. Occupancy and operating income are above budget thus far into 2024. The number of skilled nursing facility residents had dropped 31% from 2015 to 2022. The PACE programs are changing the dynamics for some who would end up in an SNF without the assistance of PACE.

CMS is implementing nursing-to-patient requirements that could result in fines for the facility if the ratio is unmet. LRHC currently does not have 24-hour RN coverage but 24-hour LPN coverage. 24-hour RN coverage is part of the new requirements. The facility assessment is due in three months with the final program becoming enforceable in May 2026.

The average gap between Medicaid revenue and expenses is approximately \$66 per bed per day. Managed Care pays \$123 less per day than traditional Medicare. More than 50% of Medicare-eligible Michigan residents have Medicare Advantage plans. Lourdes does a good job of managing the different payors.

Mr. Long reviewed the topics the members will discuss in their breakout sessions when deciding pros and cons. One of those topics is I-SNPs, which stands for Institutionalized Special Needs Programs. LRHC is considering a partnership with Curana Health which offers an I-SNP. This is a Medicare Advantage plan that is specifically for residents who are already in a SNF.

BREAKOUT GROUPS TO DISCUSS PROS AND CONS

The Board Members and Leadership Team broke for lunch and then into smaller groups to discuss the pros and cons of Expansion, Mergers & Acquisitions, Revenue Streams, Community Programs, and Specialty Programs.

LARGE GROUP DISCUSSION/RECAP OF PROS AND CONS

Sr. Janice Bachman, OP, reported for the group that discussed Specialty Programs. The four programs that the group discussed were dialysis, behavioral health, traumatic brain injury, and a ventilator program. Dialysis would be costly and require a nephrologist to be on staff. It was decided that housing behavioral health residents with other skilled nursing residents could be risky and challenging during surveys. Traumatic brain injury residents would require LRHC to become licensed for acute care beds. Residents on ventilators require a high level of infection control and specially trained staff. A cancer respite program and hospital-at-home program could complement the hospice's services. These programs could provide service diversity, bring more residents to the campus, and provide additional revenue to LSC. The cons could include the costs and duplication of services already provided.

Ms. Colleen Burke reported on the Expansion, Mergers, and Acquisitions topics. The group felt that LSC should proceed cautiously when considering mergers or acquisitions. Expansion can stress the mission. The pros can include spreading the healing ministry of Lourdes, which goes hand-in-hand with the con of spreading the mission too thin. The group agreed that this should not be a priority for Lourdes right now.

Mrs. Erin Asdell reported for the group that discussed Community Programs. They considered the PACE program. The goal of PACE is to keep individuals out of SNFs, thus making the program counterintuitive to what LRHC provides for the community. Partnering with a home healthcare agency could be a positive move for LSC,

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primarily for our independent-living residents. Home care can allow a couple to stay in their independent living unit when only one person needs care. Partnering with a home healthcare provider is something that LSC is seriously exploring.

Mr. Brian Condit shared the group's findings on Revenue Streams. The group first discussed things that have previously been mentioned and could benefit from further exploration. Home healthcare services and adult day care were also discussed by this group. Housing options for families coming to Ourdes to visit a loved one are a possibility as a source of revenue and ease for families. The group agreed that programs like the I-SNPs should be a priority to understand and develop a comprehensive list of pros and cons. Optionality and flexibility are becoming more important in today's environment. The group discussed the strategy for managing the mix of traditional Medicare and Medicare Advantage plans.

INDEPENDENT LIVING EXPANSION

Mr. John Noone recounted the market study findings from the 2023 retreat confirming the potential need for additional independent living for Waterford Township. A sub-committee was formed to explore the next steps of an independent living expansion at Ourdes. The members of this sub-committee are Joe Mendelson, Joe DeLave, Laura Hester, Rich Acho, Jason Mize, Robin McClintock, and himself. The major priority of the committee was to select an architectural firm. The firm chosen is Edmund London and Associates (ELA). Jordan London is the president of ELA, specializing in healthcare and senior living facilities. Laura Hester is a member of the Ourdes Finance Committee and has worked for over ten years with Ourdes while employed at Plante Moran. Mr. Noone introduced Mr. London to the Board.

Mr. London presented conceptual designs for the cottages and the independent living apartment building. The apartment building will be three stories on 3.9 acres directly on Scott Lake. The building will contain 61 apartments. The floor plans of the building and individual apartments were shown. The first floor will hold most of the common spaces, including the dining room, bistro/pub, wellness center, game room, arts and crafts room, and movie theater. The third floor will have a large chapel overlooking the lake. All of the apartments have patios or balconies, with the majority of the apartments having lake views. The goal is to open this apartment building in 2026.

The conceptual drawings for the cottages were displayed. The St. Jude home on the designated property will be demolished. There will be eight units, two stand-alone units and three duplexes. Each unit will have a one-car garage. The garage walls will connect the duplexes. Each unit will have two bedrooms and two bathrooms, a kitchen with a center island, a large living room, and a laundry room. A civil engineer and landscape architect will evaluate the property next. At that point, the plans can be taken to the township for approval. Financials are not required to present the plans to the township. The project plan will meet all the zoning requirements before submitting to the township. The earliest estimated completion date for the cottages is October 2025. Residents of the cottages will be able to utilize the amenities of Fox Manor and the new apartment building.

CLOSING

Mr. Paul Propson was wished a happy birthday by all. Mr. Condit spoke about the retirement of Colleen Burke. He acknowledged Ms. Burke's representation of the Dominican charism for her entire career and the impact she has had on residents, family members, staff, and Board Members. On behalf of the Board, a tree will be planted at Clausen Manor in honor of Ms. Burke. Cori Sharrard is returning from retirement as the Director of Clausen Manor.

The members were invited to the open house for Angela Hospice on May 2nd. The golf outing is on Thursday, June 20th. The Ourdes Legacy Event is Thursday, August 22nd in the Healing Garden.

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Tours of the Angela Hospice wing and the Healing Garden were held.

ADJOURNMENT

The meeting adjourned at 3:30 p.m.



Brian Condit, Board Chair



Debi Batchelder, Recorder

