

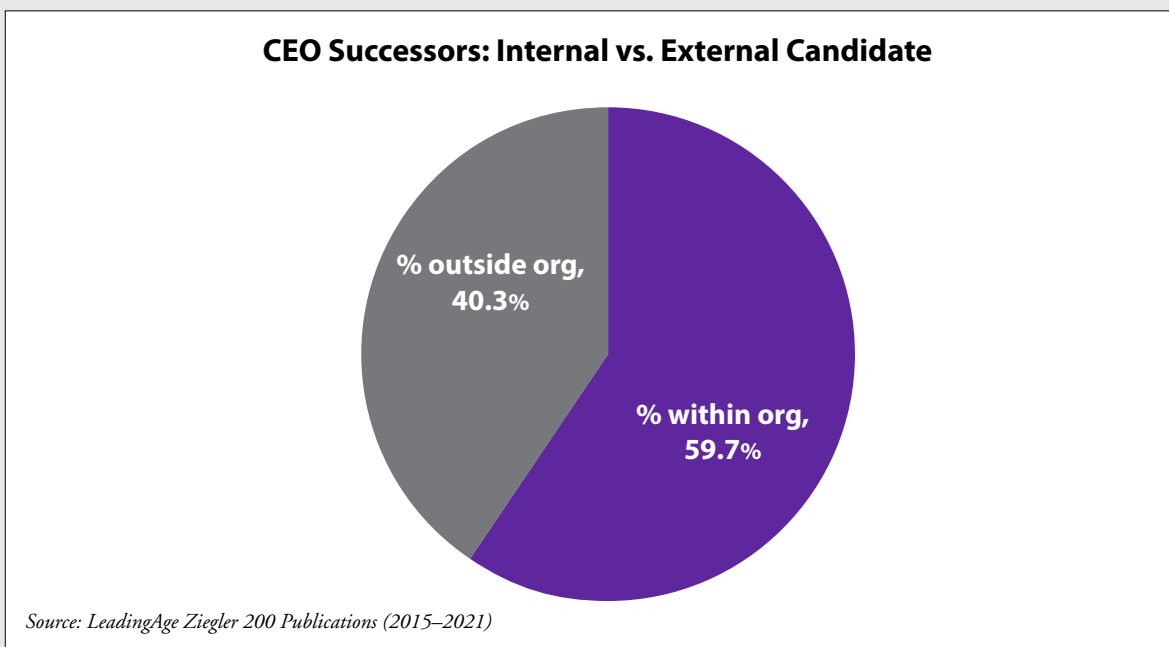
FEATURED ARTICLE

SUCCESSION PLANNING IN NOT-FOR-PROFIT SENIOR LIVING

Many of us had the opportunity to attend this week's LeadingAge Leadership Summit. It was a welcome return of this annual spring conference since 2019. The conference presented a number of thought-provoking sessions on topics ranging from the ever-present workforce pressures to technology and innovation among others. There was also time spent focusing on leadership transitions and succession planning. This issue of *Z-News* is devoted to this topic and is intended to shed light on the trends related to C-Suite recruitment and succession planning.

On an ongoing basis, Ziegler's research team tracks open C-Suite positions among not-for-profit senior living providers. Additionally, this is a data point that is tracked annually as part of the LeadingAge Ziegler 200 (LZ 200) publication. Among the LZ 200 organizations, nearly 70 have had a turnover in their Chief Executive Officer (CEO) role since 2015. Among those nearly 70 CEO vacancies, roughly 7 out of 10 were triggered by a CEO retirement. This pattern is similar to the CEO openings among single-site communities as well because of retirement, however, somewhat lower. This is not surprising given the fact that a number of single-site CEOs aspire to be in a leadership role at a multi-site organization and are more often prone to depart for that reason rather than for retirement from a single-site organization.

There is often curiosity as to where the new executive has come from, whether within the organization or outside the organization. The figures below show that since 2015, there is a slight advantage for internal candidates as evidenced by the LeadingAge Ziegler 200 data. This may be a function of the fact that multi-site organizations are more likely than single-site providers to have a larger pool of internal candidates who can be part of an organization's succession plan.



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As a sector, the vast majority of incoming leaders come from within the senior living & care sector. Among those organizations who hired an executive from outside of their organization, roughly 67% were from within the field of senior living. So, when taken together with internal successors, the vast majority of CEOs from within the senior living sector have previous leadership experience within the field of aging services. A smaller portion comes from the healthcare sector in general or other related fields (e.g., social services).

Keys to a Successful Search

It is important to note that the prevalence of using an executive search firm has increased in recent years in the senior living & care sector. The ability to attract the high-caliber candidate that you are looking for is becoming increasingly difficult and the candidate pool is not necessarily growing at the same pace as the number of retirements. In nearly all of the situations tracked by Ziegler where an external candidate was hired, there was a formal search in partnership with an executive search firm. For those who promoted someone internally, searches were less likely, but still present in about half of the larger organization's CEO searches.

It is critically important to be realistic about the amount of time needed to fill the C-Suite roles. Ziegler research shows that on average, CEO searches take about 8-9 months to fill. For those boards working with a pending retirement, it is ideal for the retiring executive to give advanced notice. There are also those situations where there is an unexpected departure, which reinforces the need to have an interim plan if needed.

If you have specific questions about topics related to this article or other related items, we encourage you to reach out to the Ziegler representative in your region.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF MARCH 29, 2022

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Westminster Canterbury Richmond (VA)	Fitch	A- Stable	Assigned Rating Affirmed Rating Affirmed IDR*	3/25/22
Brookhaven at Lexington (MA)	Fitch	AA- Stable	Updated IDR*	3/29/22
Cypress Cove at HealthPark (FL)	Fitch	BB+ Stable	Assigned Rating Assigned IDR*	3/29/22

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* IDR – Issuer Default Rating (FitchRatings)

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

WEEK ENDING MARCH 25, 2022

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.51%	2.33%	1.63%
Senior Living 30-Yr "A"	3.90%	3.35%	2.24%
Senior Living 30-Yr "BBB"	4.35%	3.95%	2.54%
Senior Living Unrated	5.20%	4.85%	3.62%
Senior Living New Campus	6.00%	5.60%	5.25%
SIFMA Muni Swap Index	0.49%	0.37%	0.08%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	4.33%	4.28%	1.82%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

SMITH CROSSING
 Orland Park, Illinois

 Illinois Finance Authority,
 Revenue Refunding Bonds,
 Series 2022

\$58,415,000

March, 2022

MARKET REVIEW

MONEY MARKET RATES

	3/25	LAST WEEK
Prime Rate	3.50	3.50
Federal Funds (weekly average)	0.32	0.32
90 Day T-Bills	0.52	0.38
30-Day Commercial Paper (taxable)	0.34	0.35
Libor (30-day)	0.44	0.44
7 Day Tax-Exempt VRDB	0.49	0.37
Daily Rate Average	0.34	0.20

COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	2.27	3.02	1 Year	1.51	3.46	3.06	2.61	2.06	1.71
5 Year	2.54	3.54	5 Year	1.96	4.01	3.61	3.21	2.61	2.21
7 Year	2.55	3.85	7 Year	2.04	4.19	3.84	3.39	2.79	2.34
10 Year	2.47	4.07	10 Year	2.18	4.48	4.08	3.63	3.03	2.53
30 Year	2.58	4.73	30 Year	2.54	5.04	4.64	4.19	3.59	3.04

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	2.67	2.53	+0.14
11 Bond Index	2.57	2.43	+0.14
Revenue Bond Index	2.95	2.81	+0.14
30 Year MMD	2.54	2.33	+0.21
Weekly Tax-Exempt Volume (Bil)	5.65	4.39	+1.26
30 Day T/E Visible Supply (Bil)	11.56	11.13	+0.43
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	139.1	137.6	+1.50