

Residents in the Boardroom

by Dianne Molvig

In the governance of aging-services organizations, there has long been controversy over the addition of residents to provider organizations' boards. Proponents believe that residents, who have substantial financial stakes in CCRCs, should have a say in how those organizations are governed; they reason that boards can only gain from having residents' perspectives on important issues. Opponents counter that residents may have conflicts of interest because of their financial stakes, or may see themselves only as representatives of residents' interests, rather than considering the long-term viability of the whole organization.

The debate will continue, but it is worthwhile to examine the experience of organizations that have residents on their boards. Here is a look at several such communities.

Glenn Brewer is a retired biochemist and pharmaceutical company executive who, during his working career, served on the boards of various not-for-profits in the Princeton, N.J., area. Now he lives at [Meadow Lakes](#), a continuing care retirement community (CCRC) in East Windsor, N.J., operated by Princeton-based [PHS Senior Living](#). He's again serving on a board, this time as a resident board member at his CCRC.

"As residents, we have made a financial investment in the health of this organization," Brewer points out. "It's good for us to keep an eye on how things are going."

Across the country, individuals like Glenn Brewer spent decades being active in community organizations. Now that they're living in CCRCs or other senior housing, they're eager to have a role in overseeing their current communities.

A survey by [Ziegler Capital Markets](#), released in August 2009, found that among 112 senior-living organizations, 64 percent

lot of buzz about it," observes [Steve Maag](#), director of assisted living and continuing care for AAHSA.

While AAHSA opposes statutory mandates requiring residents on boards, it encourages organizations to find ways for residents to be involved in decisions about their communities' operations. "Residents want to have input," Maag says. "In many cases, they have a lot of good ideas and time and energy. Lots of positives can come of this."

But some observers warn of pitfalls: Residents may have conflicts of interest because they have financial stakes in the community. They may oppose capital expenditures for improvements they may not be around to enjoy. Even with prior business or organizational experience, they may be out of touch with today's business and legal environment.

Still, amidst the debate, many CCRCs and other senior housing organizations have residents on their boards.

"We don't tie up board meetings talking about the peas being too squishy. We're a governance board; we focus on policy."

had residents on their boards. Of those, 79 percent granted resident board members voting powers. Though the sample size is small, the findings may indicate a trend toward including residents on senior-living boards.

To date, only New Jersey and Nebraska have laws requiring CCRCs to have residents on boards as voting members. "I think more attempts to pass such laws will be popping up in other states. There's a

Finding Opportunities

Gary Puma, president and CEO of [PHS Senior Living](#), admits he remains unenthusiastic about New Jersey's 2007 law requiring residents on CCRC boards. "We were already very transparent here," Puma says. "We didn't need this law."

The initial dilemma was to figure out how to comply in a way that fit PHS's structure. It's a multisite organization with 26 communities, only five of which are



PHS Senior Living

“As residents, we have made a financial investment in the health of this organization. It’s good for us to keep an eye on how things are going.”

—Glenn Brewer, board member and resident at Meadow Lakes, East Windsor, N.J.

CCRCs. PHS’ 14-member parent board oversees all 26 communities. Adding five CCRC residents to the parent board, whose responsibilities extend beyond the CCRCs, would have had no value, Puma says.

Instead, PHS created five local CCRC boards that meet all at once. Seven people

sit on each board: two parent board members, four PHS officers and one CCRC resident. Six members are the same for all five boards; only the resident member changes. When the five boards meet together, the appropriate resident member participates in discussions and voting pertinent to his or her CCRC. The CCRC boards have met three times to date; Puma says it’s too early to know the full effect of the change.

But he already sees a bright spot. The five CCRC board members get to know each other and become advocates on critical issues facing the field. “They can go back to their resident associations and discuss those issues in a general forum,” Puma explains. “We can put out a call to action asking them to contact legislators.”

While Puma is new to having residents on boards, Bob Scharmann has worked with this structure during all of his 11 years as executive director of [John Knox Village of Florida](#), a Pompano Beach CCRC. “I must say I have yet to encounter a situation in which we wished we’d never let residents under the tent,” he reports.

Three residents serve on the board, which can have up to 15 members. A resident senate committee proposes resident candidates to the board’s nominating committee, which then reviews these applications just as they would for non-residents. “It’s definitely not a popularity contest,” Scharmann emphasizes. Residents serve one three-year term.

As the senior resident member, Eleanor Smith automatically serves on the board’s

executive committee, plus she’s on the board’s health care committee. “Without patting myself on the back,” she says, “I feel I do contribute. The board president will say, ‘Eleanor, as a resident, what do you think?’”

At the same time, she’s acutely aware of the parameters of her role on the board. “I feel I walk a tight line,” Smith says. “I represent the residents, but I vote for the whole village.”



John Knox Village of Florida

“I feel I walk a tight line. I represent the residents, but I vote for the whole village.”

— Eleanor Smith, senior resident board member at John Knox Village of Florida, Pompano Beach, Fla.

NaCCRA on Residents on Boards

Charles Paulk is executive director of the National Continuing Care Residents Association (NaCCRA), which advocates for the interests of CCRC residents and is a strong supporter of adding residents to CCRC boards. We asked Paulk to explain his organization’s position.


FutureAge: How did NaCCRA evolve?

Charles Paulk: About four or five years ago, massive renovation and expansion projects hit the CCRC industry. Communities started incurring huge debts, without any resident input—and in some cases without even resident knowledge until a project had already started. This created a groundswell among residents. We wanted to be involved in the decision making.

FA: Why does NaCCRA support having residents on CCRC boards?

CP: The biggest reason is that most residents have made a substantial investment in the community. That gives them a keen interest in that community’s long-range success.

FA: Do you think we’ll see more state laws, like New Jersey’s, requiring CCRCs to have voting resident members?

CP: I think there have to be. To give an example, there’s a community in Pittsburgh that just went bankrupt. It looks like the residents are going to suffer tremendous financial losses. Most states have no protection for residents. I am concerned, however, about national regulation of CCRCs. So far, NaCCRA maintains it’s better for states to write regulations for their communities. 



ACTS Retirement-Life Communities

“Hardly a week goes by without a resident coming to me with a problem and asking me to fix it. I’ve trained myself not to do that. I don’t get involved in matters best left to the professional staff or resident association committees.”

—Titus Yonker, a resident of Spring House Estates in Lower Gwynedd, Pa., and an ACTS Retirement-Life Communities board member.

Selection Is Key

Since opening in 1992, [Emerald Heights](#) in Redmond, Wash., has had residents as voting board members, with good results, says Lisa Hardy, who’s been the CCRC’s president and CEO for two years.

“I can’t stress enough the importance of choosing the right residents,” Hardy says. “They have to know that when they walk into that boardroom, they take off their resident hat and put on their board member hat. They have to focus on what’s best for the organization, not what’s best for them personally.”

Three residents can serve up to two three-year terms on the board, which ranges from 12 to 19 members. The resident council chair sits on the board in a nonvoting capacity. When voting resident members rotate off the board, they recommend new resident candidates to the board development committee. That com-

mittee and the departing resident board members then work together to come up with a final recommendation.

Marvin Mashner agrees with Hardy that the selection process is critical. “A lot depends on the screening you do,” says Mashner, president and CEO of [ACTS Retirement-Life Communities](#), West Point, Pa. ACTS has 19 CCRCs in three regions covering six states. The board has up to 15 members, including one resident from each region who’s elected for a three-year term with no term limits.

“We look for people who are familiar with what’s expected of a board and what the duties are,” Mashner explains. “We don’t tie up board meetings talking about the peas being too squishy. We’re a governance board; we focus on policy.”

Titus Yonker, a resident of [Spring House Estates](#) in Lower Gwynedd, Pa., and an ACTS board member, knows resident members easily could get sidetracked from their true role. “Hardly a week goes by without a resident coming to me with a problem and asking me to fix it,” he says. “I’ve trained myself not to do that. I don’t get involved in matters best left to the professional staff or resident association committees.”

At [Plymouth Harbor on Sarasota Bay](#) (Fla.), selecting resident board members follows yet another model. The resident association’s president, vice president and immediate past-president automatically take seats on the CCRC’s board. Plymouth Harbor president and CEO Harry Hobson believes it’s not the ideal method.

“We’re going to take a serious look at this,” he says. “Maybe we’ll change it so that the resident association puts forth a list of candidates, who then go through the same vetting process” as nonresident board members.

While he believes the current selection model has shortcomings, Hobson has had few bad experiences with the results. In fact, he was CEO at two other CCRCs, in Ohio and Virginia, that used the same selection method. In his 25-year career, he’s worked with nearly 30 residents chosen by this system. “I could count on less than one hand any situations that became uncomfortable,” he says. Whenever resident board members needed reminding about their responsibilities, the chair of the

board or governance committee handled it. “That’s not a role for the CEO,” Hobson notes.

Advantages for All

CCRCs aren’t the only types of senior providers to have residents on boards. For example, Mt. Carmel Gardens, a 207-apartment HUD community in Jacksonville, Fla., has three residents on its 11-member board. Executive Director Linda Rubens sees benefits in having resident board members. “They bring the day-to-day experience of living here to the board,” she says. “I can make reports up and down, but I don’t live here 24/7.”

Barbara Knopf has served her community’s board in both a nonresident and resident capacity. She was on the board at Emerald Heights for seven and one-half years before she became a resident in 1999.



Emerald Heights

“As a resident board member, I understood there’s not only governance but also aspects of living here that the other board members didn’t really understand. We did a lot to try to help the board see how their decisions were perceived by residents.”

—Barbara Knopf, former board member, Emerald Heights, Redmond, Wash. Knopf served on the board both before and after she became an Emerald Heights resident.

Three years later she was reelected to the board, this time as a resident member. She's now been off the board for a year.

"As a resident board member, I understood there's not only governance," she says, "but also aspects of living here that the other board members didn't really understand. We did a lot to try to help the board see how their decisions were perceived by residents."

On the flip side, she notes that as a resident board member, she gained an appreciation for what drives board decisions. "I got a better understanding," she says, "of what is best for our community, and why."

Indeed, boards and residents both stand to gain from having residents on boards, says Matthew Neeley, president and CEO of [Hillcrest](#), a CCRC in La Verne, Calif. "The board members are reminded at every meeting who they're here to serve," he notes.

As for the resident board members, "I've found they love being involved in the bigger picture," Neeley says. "They're part of decisions that will affect the well-being and longevity of this organization. That's part of the legacy they're leaving for coming generations." ❧

Dianne Molvig is a writer who lives in Madison, Wis.

Resources

[PHS Senior Living, Princeton, N.J.](#)

Contact: Gary Puma, CEO, gpuma@phsnet.org or (609) 987-3976.

[John Knox Village of Florida, Pompano Beach, Fla.](#)

Contact: Robert Scharmann, executive director, rscharmann@jkvfl.com or (954) 783-4020.

[Emerald Heights, Redmond, Wash.](#)

Contact: Lisa Hardy, CEO, lisah@emeraldheights.com or (425) 556-8165.

[ACTS Retirement-Life Communities, West Point, Pa.](#)

Contact: Marvin Mashner, president/CEO, marvin@actslife.org or (215) 661-8330.

[Plymouth Harbor on Sarasota Bay, Sarasota, Fla.](#)

Contact: Harry Hobson, president/CEO, harryh@pharbor.org or (941) 361-7514.

[Mt. Carmel Gardens, Inc., Jacksonville, Fla.](#)

Contact: Linda Rubens, executive director, bobbyr1@comcast.net or (904) 733-6696.

[Hillcrest, La Verne, Calif.](#)

Contact: Matthew Neeley, president and CEO, mneeley@livingathillcrest.org or (909) 392-4321.

[National Continuing Care Residents Association \(NaCCRA\),](#)

[Lakeland, Fla.](#)

Contact: Charles Paulk, executive director, cpaulk6@tampabay.rr.com or 863-816-2065.

[Ziegler Capital Markets, Columbia, Md.](#)

Contact: Jeffrey Girardi, research specialist, Senior Living Finance Group, jgirardi@ziegler.com or (410) 884-8311.