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# BUSINESS FIRST

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## New Masonic Home facility moves forward despite setbacks

Stock Yards Bank leads five-bank group buying bonds for the \$40 million project

Business First of Louisville - by [Ben Adkins](#) Staff Writer

Construction is well under way on **Masonic Homes of Kentucky Inc.**'s new \$40 million skilled-nursing facility on Frankfort Avenue, despite some challenges that delayed the start of the project.

Work on the new facility began last January, said Masonic Homes CEO Gary Marsh, about nine months after Masonic Homes officials initially had hoped.

The new home was expected to open in December 2009, but it now is slated to be completed near the end of 2010.

"If everything would have happened on the timing we originally established, (it) would have been fine," Marsh said.

### Less institutional, more residential

At 180,000 square feet, the new home will more than triple the size of the existing 50,600-square-foot nursing home, which was built in 1927.

The old facility will remain intact for now, said CJ Parrish, senior vice president of communications and chief communications officer for Masonic Homes of Kentucky.

"While the building had outlived its usefulness for a modern skilled-nursing facility, we may find another use for it," she said.

The design of the new facility reflects a growing trend toward more home-like residential settings for seniors.

Wings of the facility will be set up as "households," Marsh said, and residents will have access to six "residential kitchens," much like those they would have at their own homes.

The cost of the project includes \$30 million for construction and another \$10 million for "soft costs," such as architecture, furniture and other expenses, Marsh said.

### Early bids exceeded budget

The challenges began when a preliminary bid for construction on the facility came back at \$40 million — \$10 million above the construction budget for the project.

Months were spent working up drawings and shaving costs for the project, which Masonic Homes officials were attempting to finance by having a tax-free municipal bond issued on behalf of the nonprofit.

But by the time project costs had been cut to the original \$30 million, in October 2008, the economy had tanked, along with the municipal bond market.

A trip last fall to New York in search of potential institutional investors to buy bonds proved fruitless.

"We were sort of pitching this project to the wind, at that point in time," he said. "We never even finalized our prospectus to put it on the street and sell the bonds."

### Stimulus act led to project funding

The organization nonetheless proceeded with construction last January, using its own resources and planning to pay itself back once funding was secured, Marsh said.

Renewed promise of finding the funding came with the American Recovery and Reinvestment Act of 2009.

The legislation included tax incentives to encourage banks to invest in "bank-qualified," tax-exempt bonds, and it raised the amount of bonds that can be issued by an entity to \$30 million from \$10 million.

Masonic Homes has compiled a group of five banks, led by **Stock Yards Bank** & Trust Co., that are investing varying amounts in bonds to total the \$40 million needed for the project.

The bonds are being issued through the Kentucky Economic Development Finance Authority.

Parrish said a \$30 million issue was completed Dec. 18, and bonds for the remaining \$10 million are expected to be issued early this year.

Marsh said he would have preferred to have had the financing resolved sooner. "But the ultimate thing is that ... we're getting it built."



Photo courtesy | Masonic Homes of Kentucky Inc.

Work is well under way on the Masonic Homes of Kentucky Inc.'s new \$40 million skilled-nursing facility.

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#### Culture change

To coincide with the construction of Masonic Homes of Kentucky Inc.'s new facility on Frankfort Avenue, the organization also is changing how it operates.

The changes reflect an industry trend toward senior-care facilities that feel more like home, said CJ Parrish, senior vice president of communications and chief communications officer for Masonic Homes of Kentucky.

A key difference for the new facility, once it is complete, is that staffing will become more flexible so that employees serve fewer residents but handle a broader array of tasks and activities.

Masonic Homes CEO Gary Marsh said this "versatile worker concept" likely will require some new employees to be hired, but any additional costs will be worth it.

"We're creating, in this building, an ambiance that will support what resident-centered care is all about," he said. "It really isn't, quite frankly, about the bricks and mortar. The most important part is about the people."

The organization also is working to change processes that will give front-line staff and residents more freedom to make some decisions, such as when residents wake up, dine and bathe. Already, employees dress in polo shirts instead of medical scrubs, Marsh said.

To help implement the change in culture, Masonic Homes has hired Action Pact Inc., a Milwaukee-based training and consulting firm that works primarily with nursing homes. Megan Hannan, a "change leader" for Action Pact, said Masonic Homes employees are "excited and engaged" in the process.

"It's going to be a different thing for our staff, and a much different thing for our residents," Parrish said.

#### Masonic Home of Louisville

**Current project:** Construction of a 180,000-square-foot skilled-nursing facility for seniors

**Anticipated completion date:** December 2010

**Total investment:** \$40 million

**Architect:** Reese, Lower, Patrick & Scott Ltd. of Lancaster, Pa.

**Construction manager:** [Bosse Mattingly Constructors Inc.](#)

**Anticipated new hires:** About 70, primarily for dialysis center and rehabilitation department

**Current employment:** About 250

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