



LUMENT

Lument Helps SNF Secure Financing and Optimize Operations

Read how Lument helped improve operations while assisting Bellevue with a strategic acquisition followed by permanent FHA financing.



OKLAHOMA CITY | OKLAHOMA

SENIORS CASE STUDY

THE CHALLENGE

Lument recently closed a \$10.7 million loan to facilitate the acquisition of Bellevue Health & Rehabilitation by one of its two longtime owner-operators. **Bill Wilson, managing director with Lument** in Kansas, led the transaction for Lument.

A 142-bed skilled nursing facility (SNF) located in northwest Oklahoma City, Oklahoma, Bellevue was built in 1970 and had been owned and operated by the same two families for multiple generations. The facility has an excellent reputation in the community, boasting a 98% occupancy rate as of late 2022.

When one family decided to exit the business, the other—the Stuarts—chose to buy them out, taking its ownership stake from 33% to 100%. Lument was tasked with helping the co-owners arrive at a purchase price that was agreeable to both parties by determining what the operating business was worth—a particular challenge for family-run, independent nursing homes that aren't part of a larger network.

Another challenge Bellevue and the Stuarts faced was to identify and optimize the facility's operational efficiencies—an important step toward securing acquisition financing. Having emerged from a difficult period as a result of the impact of the Covid-19 pandemic, Bellevue needed to reassess its operations to ensure the facility was maximizing its Medicare and Medicaid revenue, as well as re-examine its overall expense structure and staffing model to optimize operational efficiency.

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THE SOLUTION

Lument assisted in identifying and optimizing operational efficiencies, with the understanding that Bellevue's ultimate goal was to seek beneficial permanent financing via a U.S. Department of Housing and Urban Development (HUD)/Federal Housing Administration (FHA) loan, placing the SNF on a path to long-term success.

To that end, Lument turned to its senior care advisory group, led by **Bradley Granger and Jonathan Vega**—the former of whom previously worked as a nursing home administrator—who visited Bellevue to walk the halls and engage with employees to glean a thorough, on-the-ground perspective of what was working well, and where there was room for improvement.

"We're a very unique facility with nine different wings spanning skilled nursing to private to Medicaid patients, so there are a lot of facets here that you really need to see in person to truly understand," said **Matt Stuart, a co-owner at Bellevue**. "Having Jonathan and Brad come here to assess the situation first-hand was a great help."

"Getting that first-hand perspective on how the facility operated on a daily basis went a long way and really paid dividends for us," said Vega.

First, they conducted a thorough analysis of the facility's five-star metrics for the CMS (Centers for Medicare & Medicaid Services) rating system—the most valuable metrics for quality of care in the nursing home

industry nationwide. They then compared them with those of their competitors.

Next, they carried out a comprehensive financial analysis to compare Bellevue with a best-in-class competitor in the region. This process helped Granger, Vega, and team identify areas where Bellevue could achieve efficiencies without compromising the quality of care or negatively impacting the five-star rating.

"A valuable tool that Lument has at its disposal is our large portfolio of skilled nursing operators whose loans we've also serviced and whose financials we can look at in real time rather than having to use cost reports like a lot of consulting companies do," said Granger.

Another tool that Granger and Vega used during the evaluation process: a proprietary, CMS five-star calculator within Lument that allows the team to dissect a facility's operations in tremendous detail and then show SNF operators how to improve in a specific area.

"From conducting a deep dive into our financials to pinpointing the improvements we needed to make to operate more efficiently and effectively, Lument was instrumental in getting us to the point where we could go to our lenders to successfully complete the purchase. It's something we never could have done on our own," said Stuart. "Lument did a great job of determining the steps we needed to take in order to be able to successfully buy out our partners."

THE IMPACT

To provide funding for the acquisition, Wilson tapped Lument's seniors debt syndications team, led by **Steve McGee and Sangjin Na**, to place the \$10.7 million loan with a community bank. Besides funding the acquisition, the closing included \$1 million for capital improvements.

With 100% ownership now in place and Bellevue operating optimally, the next step is for the facility, with Lument's help, to obtain a HUD loan within the next six to 12 months, which will allow the current owner, the Stuart family, to put a low-fixed-rate loan in place to fund ongoing renovations.

"Our plan is to do a more significant remodel of our facility that will really set us up for the next 20 years," said Stuart. "We want to keep moving forward and make sure we're the best skilled nursing facility that Oklahoma City has to offer."

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Matt Stuart
Co-Owner, Bellevue

\$10.7M

5-YEAR,
FIXED-RATE LOAN

\$1M

FOR CAPITAL
IMPROVEMENTS

2 YEARS

INTEREST-ONLY
PAYMENTS

