

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

### FEATURED ARTICLE

# NOT-FOR-PROFIT GOVERNANCE: THE NECESSITY OF BOARD EDUCATION

Several years ago, Ziegler conducted a survey via its *CFO Hotline<sup>SM</sup>*, and it was revealed that nearly 50% of senior living board chairs never or rarely attend any industry conferences. Now, there can be very practical reasons for this as many board chairs and trustees have full-time jobs that are very demanding in their own right. There is also the added cost of attending conferences, although in today's virtual environment, you could argue that is less of a barrier. Most would agree that having an informed and educated board, not just the board chair, is critical to effective governance. As Ziegler plans for its *25th Ziegler Senior Living Finance + Strategy Conference* in two weeks, there are multiple educational sessions and networking opportunities for the more than 100 board members registered for this year's event. We thought it was fitting to highlight board education in this week's issue of *Z-News*.

#### *What are the benefits of an informed and educated board?*

- A board that knows the trends and environmental forces at play in the senior living sector is going to be better at setting a **sound strategic direction**.
- Board education often weaves in external experts and speakers to cover various topics. At Ziegler, we have been told many times over that what the board hears from an external speaker, and what their CEO has also been sharing with them, can add greater credibility. Having that third-party voice can be very **affirming and empowering for the CEO**.
- A basic element of being informed is that it better positions the organization to be in a **proactive stance, rather than one of being reactive**. There should be fewer surprises for the board, which allows them to be better focused on the future.
- Have you ever heard of a bored board? One clear way to keep the **board members engaged** is to share with them the latest research, trends, innovations and best practices. This can also foster greater passion for the work of the organization and in-turn, contribute to a healthier culture within the board. This can certainly be advantageous when looking to attract future board members.

#### *What is the best way to approach board education?*

There are multiple ways to integrate board education throughout the year. There are some organizations who commit to a board education topic at each meeting. This approach ensures the ongoing commitment to education and adds discipline to the board agenda. Other organizations designate an annual board retreat as the best time for intensive board education. This may be held over a one or two-day retreat. If an organization only has a board retreat every 2-3 (or more) years, then this approach might not fully satisfy the overall education goals. Another example is to schedule off-meeting education sessions. This might be one topic a month or quarter for an hour over zoom. This has often been the approach leading up to a strategic planning session. Lastly, there are always external industry conferences. These can obviously be national in nature, like the upcoming Ziegler conference, or an event hosted by your state association.

A final comment on the "how to" discussion relates to the leadership team. We find it helpful to not only provide the education to the board members, but to invite the senior leadership team to participate as well. Having that group on top of the key trends and topics is also important. It shows the organization's commitment to their ongoing education and professional development.

At the end of the day, much of this responsibility falls on the CEO who is often the primary conduit between the board and the industry as a whole. There are often wonderful, talented board members, but if they don't know what they don't know, that is often on the shoulders of the CEO. The advancement of virtual platforms, like Zoom, has made the ability to offer board education so much easier. Ziegler provided board education to over 70 organizations last year alone, many of them virtually. If there is interest in learning more about Ziegler's ability to share industry research and education with your board or if you have additional questions about this article, we encourage you to contact the Ziegler representative in your region.

LISA McCRACKEN  
DIRECTOR, SENIOR LIVING RESEARCH & DEVELOPMENT  
[lmccracken@ziegler.com](mailto:lmccracken@ziegler.com)

#### ZIEGLER

One North Wacker Drive | Suite 2000  
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

#### CONTACT US

800 366 8899  
[askziegler@ziegler.com](mailto:askziegler@ziegler.com)



CAPITAL :: INVESTMENTS :: ADVICE

**NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS**

AS OF AUGUST 30, 2022

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Friends Homes Inc. (NC)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	8/24/22
The Presbyterian Homes Obligated Group (NC)	Fitch	BBB+ Stable	Affirmed Rating Affirmed IDR*	8/25/22
Westminster Presbyterian Retirement Community dba Westminster at Lake Ridge (VA)	Fitch	BB Stable	Affirmed Rating Affirmed IDR* Revised Outlook	8/25/22
Noland Health Services (AL)	S&P	A Stable	Affirmed Rating	8/30/22
Presbyterian Villages of Michigan (MI)	Fitch	BB Stable	Affirmed Rating Affirmed IDR*	8/30/22

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\* IDR – Issuer Default Rating (FitchRatings)

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**INTEREST RATES/YIELDS**

WEEK ENDING AUGUST 26, 2022

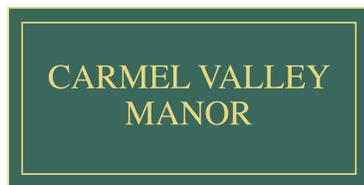
	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.23%	3.06%	2.27%
Senior Living 30-Yr “A”	4.43%	4.26%	3.29%
Senior Living 30-Yr “BBB”	4.73%	4.56%	3.62%
Senior Living Unrated	5.48%	5.31%	4.45%
Senior Living New Campus	6.57%	6.40%	5.69%
SIFMA Muni Swap Index	1.67%	1.79%	0.44%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index <sup>†</sup>	5.06%	5.05%	1.86%

<sup>†</sup> Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

**FEATURED FINANCING**

**CARMEL VALLEY MANOR**  
 Carmel-By-The-Sea, California

 California Municipal Finance Authority,  
 Insured Revenue Bonds,  
 Series 2022

**\$36,035,000**

August, 2022

## MARKET REVIEW

## MONEY MARKET RATES

	8/26	LAST WEEK
Prime Rate	5.50	5.50
Federal Funds (weekly average)	2.32	2.32
90 Day T-Bills	2.77	2.66
30-Day Commercial Paper (taxable)	2.26	2.27
Libor (30-day)	2.49	2.36
7 Day Tax-Exempt VRDB	1.67	1.79
Daily Rate Average	1.37	1.59

## COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	3.36	4.31	1 Year	2.19	4.04	3.69	3.34	2.54	2.29
5 Year	3.15	4.40	5 Year	2.26	4.21	3.86	3.46	2.66	2.46
7 Year	3.10	4.65	7 Year	2.35	4.45	4.15	3.60	2.85	2.60
10 Year	3.02	4.87	10 Year	2.54	4.74	4.44	3.84	3.14	2.84
30 Year	3.24	5.64	30 Year	3.23	5.63	5.38	4.73	4.28	3.78

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	3.59	3.44	+0.15
11 Bond Index	3.49	3.34	+0.15
Revenue Bond Index	3.87	3.72	+0.15
30 Year MMD	3.23	3.06	+0.17
Weekly Tax-Exempt Volume (Bil)	5.62	8.54	-2.92
30 Day T/E Visible Supply (Bil)	10.14	9.52	+0.62
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	126.8	131.3	-4.50

Source: Bloomberg