

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

For the week, equities moved marginally lower, with the Standard & Poor's 500 Index recording its first weekly sell off since mid-January. Small-caps underperformed large-caps for the fourth consecutive week, and the small-cap Russell 2000 Index ended approximately 3.5% below the all-time high it established in early March. On the other hand, the technology-heavy Nasdaq Composite outperformed and ended within 0.9% of its record peak. Many market participants noted that the week marked the eight-year anniversary of the seemingly, never ending equities bull market that began in March 2009.

All eyes will be on the FOMC meeting this Wednesday as the markets believe a 25 basis points increase in the discount rate is certain. We are anticipating intense scrutiny of the Fed's commentary on their future plans as the market will try to gauge the likelihood of additional rate hikes in 2017. Fixed income was weaker in both the Treasury and tax-exempt markets again last week. In the Treasury market, the 10-year Note finished the week 10 basis points higher at 2.58%, while the 30-year Bond moved 9 basis points higher to 3.17%.

Yields increased in the tax-exempt market as well, with both 10-year and 30-year MMD finishing 8 basis points higher at 2.47% and 3.24%, respectively. New issue supply in the tax-exempt market is estimated at a manageable \$5.8 billion this week, with four healthcare issues tentatively scheduled for approximately \$800 million in total par amount. Tax-exempt bond funds reported small outflows totaling just over \$73 million on the week.

ADAM J. BUCHANAN
SENIOR VICE PRESIDENT

See pages 4-5 for current market rates

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.

ZIEGLER

200 South Wacker Drive | Suite 2000
Chicago, IL 60606

CONTACT US

800 366 8899
askziegler@ziegler.com



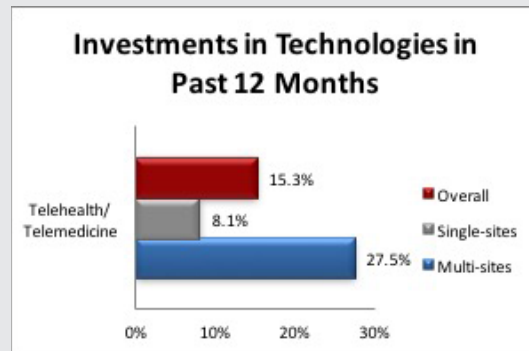
FEATURED ARTICLE

THE EMERGING ROLE OF TELEHEALTH IN SENIOR LIVING

Without a doubt, everyone can agree that technology continues to play an increasingly important role in operating a senior living organization. Today's consumers and family members are demanding greater access to technologies for care coordination and communication. Staff is utilizing more devices in their day-to-day work, whether that is mobile devices or tablets. The current healthcare environment requires certain enterprise software to be efficient and interoperable in order to navigate the full continuum. All of these technologies are in play amidst a backdrop of difficulties in direct care staff recruitment¹ and retention, as well as shortages in primary care physicians and geriatricians.² By 2025, the demand for physicians will exceed supply by a range of 46,000 to 90,000.² Implementing telehealth solutions, particularly in the healthcare settings, is one way to mitigate the pressures being felt by practitioner shortages.

Telehealth solutions that assist in providing a greater continuity of care, oversight from trained specialists and more intensive post-discharge following, can also contribute to greater cost savings and reduced hospital readmissions. FirstHealth of the Carolinas recently issued a report that stated they garnered \$1.9 million in readmission savings by turning to home care and telehealth services.³ Hospital readmissions were reduced by 53% after utilizing telehealth patient engagement software.

Ziegler has also enhanced its research and education efforts related to telehealth solutions. At the *2016 Ziegler Annual Senior Living Finance + Strategy Conference*, TripleCare, a telemedicine provider in the post-acute environment, shared with attendees how their solutions have helped to improve clinical outcomes, benefit patients, and improve staff satisfaction and retention in the post-acute environment. A recent *Ziegler CFO HotlineSM* report revealed that roughly 15% of not-for-profit senior living organizations have invested in telehealth or telemedicine solutions in the past year.



Source: Ziegler CFO Hotline, January 2017

In 2016, Ziegler's Grant Chamberlain, Managing Director in the Corporate Finance Healthcare Practice, released an industry white paper entitled *Deconstructing the Telehealth Industry*. This is an in-depth assessment of telehealth programs that are gaining traction across a broad universe of stakeholders. This is a well-organized report that is highly recommended for senior living providers looking to better understand the telehealth space and potential solutions for those they serve, whether in home-based or in residential settings.

Ziegler has also convened four companies with solutions for the senior living and post-acute space to participate in the "Experience Zone" as part of the American Telemedicine Association annual meeting (ATA 2017), April 23-25, 2017. *Breezie*, *GreatCall*, *It's Never 2 Late*, and *TripleCare* will all be featured in the Zone for their technology solutions for providers, caregivers, and patients. We encourage attendees who are attending ATA 2017 to seek out these organizations and take a tour of the senior living Experience Zone. We anticipate that this cohort will continue to grow as telehealth solutions for the aging population will continue to be in demand given the trends and pressures outlined previously.

If you have any questions regarding the items in this article or anything else related to Ziegler, please reach out to the Ziegler banker in your region.

LISA MCCRACKEN
DIRECTOR
SENIOR LIVING RESEARCH & DEVELOPMENT

Sources:

¹Getting to 2025: A Senior Living Roadmap. Argentum. January 2016.

²Physician Supply and Demand Through 2025: Key Findings. Association of American Medical Colleges.

³How One Health System Achieved \$1.9 Million in Readmission Savings. March 1, 2017. Senior Housing News

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

FEBRUARY 24 - MARCH 13, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Church Home of Hartford dba Seabury (CT)	Fitch	BB Stable	Affirmed Rating	2/24/17
Frasier Meadows Manor (CO)	Fitch	BB+ Stable	Assigned Rating	2/27/17
Kendal on Hudson (NY)	Fitch	BBB Stable	Affirmed Rating	3/1/17
Brethren Village (PA)	Fitch	BB+ Stable	Assigned Rating	3/3/17
Marquette Manor (IN)	Fitch	BBB Stable	Affirmed Rating	3/8/17
Monterea, Inc. (OK)	Fitch	BBB- Stable	Assigned Rating	3/8/17
Franciscan Communities (IL)	Fitch	BBB- Stable	Assigned Rating Affirmed Rating	3/9/17
Shell Point Retirement Community (FL)	S&P	BBB Stable	Affirmed Rating	3/9/10
The United Methodist Retirement Homes (NC)	Fitch	BBB Stable	Affirmed Rating	3/10/17
Mary's Woods at Marylhurst (OR)	Fitch	BB Stable	Assigned Rating	3/13/17

This ratings table represents review of the reports released by Fitch Ratings, Standard & Poor's, and Moody's Investors Service and has been compiled by Ziegler Investment Banking.

INTEREST RATES

FOR THE WEEK ENDING MARCH 10, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.24%	3.16%	2.60%
Senior Living 30-Yr "A"	4.34%	4.26%	3.58%
Senior Living 30-Yr "BBB"	4.84%	4.76%	3.93%
Senior Living Unrated	5.49%	5.41%	4.75%
Senior Living New Campus	6.75%	6.75%	6.42%
SIFMA Muni Swap Index	0.62%	0.62%	0.54%

Source: Ziegler Capital Markets

FEATURED FINANCING

\$21,685,000

Tarrant County Cultural Education Facilities Finance Corporation, Retirement Facility Revenue Bonds, Series 2017

NORTHWEST SENIOR HOUSING CORPORATION - EDGEMERE

Dallas, Texas

IN YOUR CORNER
2017 LEADINGAGE PEAK LEADERSHIP SUMMIT

Marriott Wardman Park Hotel
Washington, D.C.
September 28-30, 2016

Session 3-B
2016 Business Strategy Council: Navigating Today's Aging Services Environment

Monday, March 20, 2017 | 1:00 pm - 2:30 pm
Ziegler Participant: Rich Scanlon

Session 7-C
Embrace the Disruptors: Trends Changing the Face of Senior Living

Monday, March 20, 2017 | 3:00 pm - 4:30 pm
Ziegler Participant: Dan Hermann

Session 15-D
CFO Forum

Tuesday, March 21, 2017 | 8:00 am - 9:30 am
Ziegler Participants: Lisa McCracken & Tad Melton

Session 16-D
Technology Forum

Tuesday, March 21, 2017 | 8:00 am - 9:30 am
Ziegler Participant: Dan Hermann

Learn More about Ziegler's BaseCamp Zone at PEAK

ZONE 1 | Financial Stewardship & Organizational Strength >>

MARKET REVIEW

MONEY MARKET RATES

	3/10/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	3.75	3.75	3.75	3.50
Federal Funds (weekly average)	0.66	0.64	0.66	0.42
90 Day T-Bills	0.72	0.69	0.53	0.31
30-Day Commercial Paper (taxable)	0.79	0.65	0.61	0.35
Libor (30-day)	0.85	0.83	0.77	0.43
7 Day Tax-Exempt VRDB	0.62	0.62	0.65	0.02
Daily Rate Average	0.57	0.57	0.56	0.01

COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.03	2.25	1.62	1 Year	0.79	2.54	2.25	2.39	1.79	1.29	1.04
5 Year	2.12	4.00	2.99	5 Year	1.63	3.63	3.60	3.38	2.88	2.38	2.03
7 Year	2.39	4.50	3.58	7 Year	2.08	4.18	4.30	4.08	3.58	3.08	2.68
10 Year	2.59	4.75	3.82	10 Year	2.47	4.72	5.10	4.52	4.07	3.57	3.07
30 Year	3.18	6.25	4.65	30 Year	3.24	5.49	5.40	5.29	4.84	4.34	3.84
				5 year ADJ RATE			4.25				

(* Representative of recent non-rated issues underwritten by Ziegler retail sales); (** Representative of institutional sales.)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2017	
				HIGH	LOW
Bond Buyer					
20 Bond Index	4.02	3.95	+0.07	4.02	3.72
11 Bond Index	3.53	3.46	+0.07	3.53	3.25
Revenue Bond Index	4.17	4.11	+0.06	4.17	3.83
30 Year MMD	3.24	3.16	+0.08	3.24	2.88
Weekly Tax-Exempt Volume (Bil)	3.09	7.68	-3.59	7.68	2.91
30 Day T/E Visible Supply (Bil)	6.18	10.06	-3.98	13.37	5.55
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	136.47	138.76	-2.29	147.05%	120.39%

INTEREST RATE COMPARISON

DATE	7-DAY T/E VRDB	PRIME RATE	FED FUNDS WEEKLY AVG.	13-WEEK T-BILL RATE	C.P.RATE TAXABLE	LIBOR (30-DAY)	30-YEAR T/E BONDS (A-AAA)		
03/10/17	0.62	3.75	0.66	0.72	0.79	0.85	4.34	-	3.84
03/03/17	0.62	3.75	0.64	0.69	0.65	0.83	4.26	-	3.76
02/24/17	0.65	3.75	0.66	0.49	0.60	0.78	4.09	-	3.69
02/17/17	0.65	3.75	0.66	0.52	0.59	0.77	4.23	-	3.73
02/10/17	0.65	3.75	0.66	0.54	0.61	0.78	4.16	-	3.66
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/27/17	0.66	3.75	0.67	0.50	0.63	0.77	4.35	-	3.55
01/20/17	0.66	3.75	0.67	0.50	0.65	0.77	4.30	-	3.50
01/13/17	0.67	3.75	0.66	0.51	0.61	0.76	4.20	-	3.40
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
12/30/16	0.72	3.75	0.62	0.51	0.63	0.77	4.50	-	3.60
12/23/16	0.73	3.75	0.66	0.50	0.43	0.76	4.65	-	3.70
12/02/16	0.56	3.50	0.38	0.47	0.50	0.62	4.80	-	3.85
11/04/16	0.56	3.50	0.38	0.37	0.40	0.53	3.55	-	2.85
10/07/16	0.87	3.50	0.40	0.31	0.39	0.52	3.30	-	2.75
09/02/16	0.56	3.50	0.38	0.32	0.39	0.52	2.75	-	2.40
08/05/16	0.44	3.50	0.40	0.26	0.36	0.49	2.90	-	2.45
07/01/06	0.41	3.50	0.39	0.25	0.37	0.46	2.85	-	2.35
06/03/16	0.39	3.50	0.35	0.27	0.38	0.46	3.20	-	2.70
05/06/16	0.39	3.50	0.37	0.18	0.34	0.43	3.30	-	2.90
04/01/16	0.40	3.50	0.35	0.22	0.33	0.43	3.60	-	3.10
03/04/16	0.02	3.50	0.35	0.26	0.36	0.43	3.85	-	3.30

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.