

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

For the second consecutive week, the Nasdaq Composite Index finished in negative territory. The market continued to feel the ongoing effects of the sell-off in large-cap technology shares from the previous week. The other major indexes ended mixed for the week. Smaller companies shares underperformed and the DJIA benefited from investors taking a more defensive approach.

The sell-off in tech-related stocks continued into Monday morning, setting the tone for an active week. Buyers returned after Monday helping the FAANG (Facebook, Amazon, Apple, Netflix, and Alphabet's Google) pare their losses. FAANG stocks continued to recover through Wednesday before selling off again at week's end. The FAANG's represent well over \$2 trillion in market capitalization. The money rotated into defensive segments. Amazon enjoyed another rebound Friday, following the announcement that it was acquiring Whole Foods Market for over \$13 billion. Not surprisingly, the news sent the shares of other food retailers sharply lower.

While economic data has been soft in recent weeks, the Fed raised rates as expected and maintained its projection for another rate hike in 2017. Treasury prices rose on the week. Investors in Asia continued to be active buyers, helping to support demand for longer-duration credits. The 10-year Treasury Note yield returned to its monthly low of 2.15%. Also at a monthly low, the 30-year Bond yield finished the week at 2.77%. The municipal market was essentially flat on the week. 10-year MMD closed at 1.86% and 30-year MMD ended up at 2.70%. 30 day visible supply increased to \$15.7B, its highest level of 2017. Tax-exempt bond funds reported inflows on the week of \$395 million.

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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.

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FEATURED ARTICLE

ZIEGLER ASSISTS PROVIDER WITH FINANCING FOR NEW TEXAS LIFE PLAN COMMUNITY

Over the past few years, Ziegler has reported on the overall decrease in new campus development in the not-for-profit senior living sector, but Texas once again is bucking that trend. This month, Ziegler assisted Buckner Senior Living, Inc. with the successful closing of a \$232,345,000 tax-exempt, fixed-rate bond issuance. The purpose of the financing is for the construction, ownership and operation of an entrance-fee senior living life plan community in Dallas to be known as Ventana by Buckner. Ventana will be located on approximately 3.08 acres nearly seven miles from downtown Dallas and adjacent to the Park Cities and Preston Hollow neighborhoods. The Community is planned to consist of 189 independent living units, 38 assisted living units, 26 memory support assisted living units, and 72 skilled nursing beds (which consists of 48 long-term beds and 24 short-term rehabilitation beds). The Community's levels of care will be located in two, 12-story towers. Greenbrier Development, LLC serves as the development consultant and marketing agent for the Community, and Whiting-Turner is the contractor. Buckner Retirement Services, Inc. will provide management services for the Community.

Buckner Retirement Services opened in 1954 and over the years has grown through new campus development and acquisitions to currently five life plan communities - Ventana will make six. Other Ziegler clients in Texas that have grown expeditiously through new campus development are Methodist Retirement Communities (MRC) (The Woodlands) and Senior Quality Lifestyle Corp (SQLC) (Dallas). Since it first opened in 1962, MRC has grown to five communities through new campus development and acquisitions. In October 2016, Ziegler financed The Langford, a new community development in College Station, TX for MRC, a bond issue in the amount of \$59,930,000 (note that this first phase did not include any nursing units); and in addition to The Langford, The Woodlands was financed in 2014 and opened in 2015. SQLC opened its first life plan community in 2001 and has grown through new campus development to six life plan communities today. Additional Ziegler multi-site and single-site clients in Texas that have transitioned and grown over the years are Christian Care Centers (Mesquite), Blue Skies of Texas fka Air Force Villages (San Antonio), and C.C. Young Memorial Home (Dallas).

Ziegler is currently tracking roughly 80 new Life Plan Communities that are at various stages of conception, development and construction. Of the roughly 80 communities, multiple communities are being tracked within Texas, a combination from both for-profit owners as well as not-for-profit sponsored organizations. First quarter 2017 data from National Investment Center for Seniors Housing & Care also reported significant year-over-year inventory growth across various key markets in Texas, with San Antonio, Dallas and Houston among the highest.

Ziegler was proud to once again serve Buckner Retirement Services. Ziegler will continue to monitor the growth of not-for-profit senior living not only in Texas, but throughout the nation.

For more information on Ziegler or anything included in this article, please contact the Ziegler banker in your region. Additional information on Buckner Retirement Services and their Ventana community can be found at www.ventanabybuckner.com.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

JUNE 13-19, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Buckingham Senior Living Community (TX)	Fitch	BB Stable	Affirmed Rating	6/14/17
Clark Retirement Community (MI)	S&P	BB-Negative	Downgraded Rating	6/15/17
Legacy at Willow Bend (TX)	Fitch	BBB-Stable	Affirmed Rating	6/16/17

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 JUNE 16, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.70%	2.69%	2.72%
Senior Living 30-Yr "A"	3.70%	3.69%	3.75%
Senior Living 30-Yr "BBB"	4.20%	4.19%	4.13%
Senior Living Unrated	4.80%	4.79%	4.84%
Senior Living New Campus	6.75%	6.75%	6.54%
SIFMA Muni Swap Index	0.81%	0.74%	0.66%

Source: Ziegler Capital Markets

FEATURED FINANCING

\$232,345,000

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

BUCKNER SENIOR LIVING - VENTANA
Dallas, Texas

MARKET REVIEW

MONEY MARKET RATES

	6/16/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.00	4.00	3.50
Federal Funds (weekly average)	1.01	0.91	0.91	0.46
90 Day T-Bills	1.00	1.00	0.91	0.25
30-Day Commercial Paper (taxable)	1.11	1.01	0.83	0.37
Libor (30-day)	1.17	1.09	1.00	0.44
7 Day Tax-Exempt VRDB	0.81	0.74	0.78	0.41
Daily Rate Average	0.73	0.68	0.68	0.36

COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.19	2.25	1.69	1 Year	0.82	2.32	2.20	2.22	1.72	1.32	1.07
5 Year	1.75	4.25	2.60	5 Year	1.24	3.14	3.15	2.84	2.39	1.99	1.64
7 Year	1.97	4.75	3.18	7 Year	1.46	3.46	3.55	3.26	2.86	2.36	2.06
10 Year	2.15	5.00	3.36	10 Year	1.86	3.96	4.15	3.76	3.36	2.86	2.46
30 Year	2.78	6.25	4.23	30 Year	2.70	4.80	4.90	4.60	4.20	3.70	3.30
				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	3.53	3.53	.00	4.02	3.53
11 Bond Index	3.04	3.04	.00	3.53	3.04
Revenue Bond Index	3.70	3.70	.00	4.17	3.70
30 Year MMD	2.70	2.69	+.01	3.24	2.69
Weekly Tax-Exempt Volume (Bil)	4.93	5.12	-.19	7.81	2.23
30 Day T/E Visible Supply (Bil)	10.42	5.70	+4.72	13.37	5.50
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	133.09	128.12	-4.97	147.05%	120.39%

INTEREST RATE COMPARISON

DATE	7-DAY T/E VRDB	PRIME RATE	FED FUNDS WEEKLY AVG.	13-WEEK		LIBOR (30-DAY)	30-YEAR		
				T-BILL RATE	C.P.RATE TAXABLE		T/E BONDS (A-AAA)		
06/16/17	0.81	4.25	1.01	1.01	1.11	1.17	3.70	-	3.30
06/09/17	0.74	4.00	0.91	1.00	1.01	1.09	3.69	-	3.29
06/02/17	0.76	4.00	0.89	0.95	0.86	1.08	3.75	-	3.35
05/26/17	0.78	4.00	0.91	0.91	0.86	1.03	3.87	-	3.42
05/19/17	0.78	4.00	0.91	0.91	0.83	1.00	3.92	-	3.47
05/12/17	0.79	4.00	0.91	0.85	0.84	0.99	4.06	-	3.61
05/05/17	0.85	4.00	0.91	0.88	0.83	0.99	4.08	-	3.63
04/28/17	0.90	4.00	0.90	0.79	0.84	0.99	4.06	-	3.61
04/21/17	0.92	4.00	0.90	0.78	0.83	0.98	3.95	-	3.50
04/14/17	0.89	4.00	0.90	0.79	0.81	0.99	4.01	-	3.51
04/07/17	0.88	4.00	0.90	0.81	0.86	0.98	4.09	-	3.59
03/31/17	0.91	4.00	0.88	0.76	0.80	0.98	4.13	-	3.63
03/03/17	0.62	3.75	0.64	0.69	0.65	0.83	4.26	-	3.76
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
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

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