

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

Dow 22,000! The Dow Jones Industrial Average rose about 1% and passed the 22,000 milestone for the first time. Helping to lift the benchmark to a new high, Dow darling, Apple gained nearly 5% last Wednesday. On the disappointing side, monthly vehicle sales reports weighed on automaker shares. Additionally, for the Dow, the recent decline in the U.S. dollar versus other currencies may be advancing it more than the other indexes, as many of its members have global reach and could be helped by a weaker dollar. The broader S&P 500 Index produced minor gains, while indexes that track small- and mid-cap stocks posted modest losses. It is worth noting the lack of volatility, the S&P 500 closing in a seven point range for 13 straight trading sessions.

According to the latest nonfarm payrolls report from the Bureau of Labor Statistics Job growth was better than expected in July. The U.S. economy added 209,000 jobs for the month, better than the 180,000 monthly average seen in the first half of the year. The unemployment rate ticked down to 4.3%, and hourly earnings rose 2.5% over the 12-month period, although more recent numbers show a slight increase in wages.

The yield of the benchmark 10-year U.S. Treasury note finished the week a touch lower. Mixed economic data early in the week helped demand for Treasuries, but this was counterbalanced by Friday's strong jobs report. Municipal bonds generally tracked the Treasury market and continued to see strong demand particularly in high tax states. Market participants noted that lower-rated deals have gathered strong interest as investors seek out higher yields. According to Lipper, Investors in municipal bond funds again saw investors put cash into the funds in the latest week. The weekly reporters saw \$143.847 million of inflows in the week of Aug. 2, after inflows of \$322.992 million in the previous 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.

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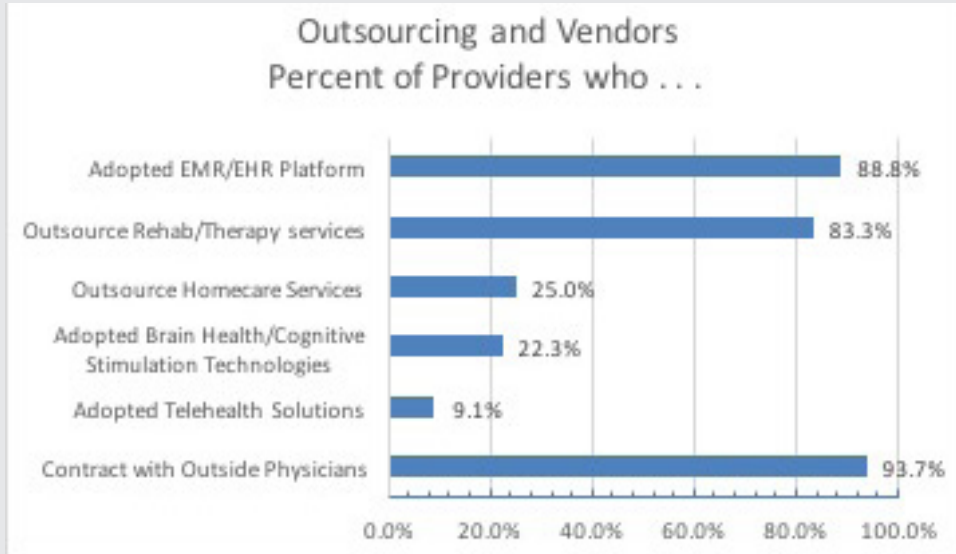


FEATURED ARTICLE

ZIEGLER CFO HOTLINESM: OUTSOURCING & VENDOR RELATIONSHIPS

Senior Living providers regularly partner with outside entities and form long-term, strategic relationships to enhance and advance their organizations’ operations. Ziegler often receives inquiries from providers regarding these relationships such as: How often do others outsource? What type of services are others outsourcing? Who are some of the top vendors in not-for-profit senior living? The July *Ziegler CFO HotlineSM* poll aimed to answer some of these questions. A total of 143 Chief Financial Officers (CFOs) and financial professionals throughout the country responded to the survey.

The table below shows the percentage of providers and the technologies they outsource to provide services to their residents. An analysis of the survey questions will follow.



The survey asked if providers have adopted an EMR/EHR platform within their communities and, if so, who is the vendor. Nearly 90% of providers have adopted an EMR/EHR platform, with some providers listing more than one system in use. Of the 19 different vendors listed, three vendors: MatrixCare®/AOD (35.4%), PointClickCare (30%), and NetSmart/HealthMEDX® (16%) made up more than 80%.

Telehealth was the least adopted of the technologies and services on the survey. Less than 10% of providers have adopted Telehealth solutions, such as remote physician visits or video consults. Of those, three are partnering with a local hospital or health system. Other vendors mentioned include: Cigna MDLIVE®, e-SNF, Forefront TeleCare, Honeywell Life Care Solutions, Teladoc, and TripleCare. Remote monitoring technologies garnered a stronger response. Nearly 25% of providers said they have adopted technologies such as wearables, passive and biometric sensors.

Finally, providers were asked if they employ physicians or have outside physicians come onsite. Nearly 85% of respondents said they use outside physicians, with another 6% who indicated that they have a combination of employed and contracted physicians.

To read a full copy of the survey results with more detailed findings, please [click here](#).

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

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

JULY 27 - AUGUST 2, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Rolling Meadows (TX)	Fitch	BB+ Stable	Affirmed Rating	8/3/17
United Methodist Communities (NJ)	Fitch	BBB- Positive	Affirmed Rating Revised Outlook	8/3/17

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.

IN YOUR CORNER
LEADINGAGE NEW YORK 2017 FINANCIAL PROFESSIONAL'S ANNUAL CONFERENCE

The Saratoga Hilton
Saratoga Springs, New York
August 29-31, 2017

Capital Financing Options for New York Providers

Wednesday, August 30, 2017 | 1:30 pm - 3:00 pm
Ziegler Participant: Chad Himel

INTEREST RATES

FOR THE WEEK ENDING AUGUST 4, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.71%	2.74%	2.81%
Senior Living 30-Yr "A"	3.61%	3.64%	3.87%
Senior Living 30-Yr "BBB"	4.11%	4.14%	4.27%
Senior Living Unrated	4.71%	4.74%	4.91%
Senior Living New Campus	6.75%	6.75%	6.61%
SIFMA Muni Swap Index	0.79%	0.82%	0.72%

Source: Ziegler Capital Markets

FEATURED FINANCING


Episcopal Retirement Services

\$21,540,000

Extension
Bank Direct Purchase

\$18,000,000

New Money
Bank Direct Purchase

EPISCOPAL RETIREMENT SERVICES

Cincinnati, Ohio

MARKET REVIEW

MONEY MARKET RATES

	8/4/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.25	4.25	3.50
Federal Funds (weekly average)	1.14	1.16	1.16	0.40
90 Day T-Bills	1.07	1.08	1.03	0.26
30-Day Commercial Paper (taxable)	1.12	1.09	1.08	0.36
Libor (30-day)	1.23	1.23	1.22	0.49
7 Day Tax-Exempt VRDB	0.79	0.82	0.86	0.44
Daily Rate Average	0.65	0.71	0.84	0.29

COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.23	2.00	1.82	1 Year	0.84	2.34	2.25	2.24	1.64	1.29	1.09
5 Year	1.82	4.25	2.82	5 Year	1.18	2.93	3.11	2.68	2.18	1.83	1.58
7 Year	2.09	4.75	3.44	7 Year	1.47	3.37	3.55	3.22	2.77	2.27	2.07
10 Year	2.27	5.00	3.67	10 Year	1.92	3.92	4.17	3.77	3.32	2.82	2.52
30 Year	2.85	6.25	4.50	30 Year	2.71	4.71	4.85	4.56	4.11	3.61	3.31
				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	3.50	3.52	-02	4.02	3.50
11 Bond Index	3.01	3.03	-02	3.53	3.01
Revenue Bond Index	3.70	3.72	-02	4.17	3.70
30 Year MMD	2.71	2.74	-03	3.24	2.71
Weekly Tax-Exempt Volume (Bil)	5.24	3.61	+1.63	7.93	0.46
30 Day T/E Visible Supply (Bil)	5.32	6.12	-0.80	13.37	4.13
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	126.66	125.95	+0.72	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)		
08/04/17	0.79	4.25	1.14	1.07	1.12	1.23	3.61	-	3.31
07/28/17	0.82	4.25	1.16	1.08	1.09	1.23	3.64	-	3.34
07/21/17	0.82	4.25	1.16	1.15	1.10	1.22	3.71	-	3.31
07/14/17	0.83	4.25	1.16	1.01	1.12	1.22	3.83	-	3.43
07/07/17	0.86	4.25	1.16	1.03	1.08	1.22	3.82	-	3.42
06/30/17	0.91	4.25	1.13	0.99	0.90	1.22	3.79	-	3.39
06/23/17	0.87	4.25	1.16	0.96	1.09	1.21	3.69	-	3.29
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
05/05/17	0.85	4.00	0.91	0.88	0.83	0.99	4.08	-	3.63
04/07/17	0.88	4.00	0.90	0.81	0.86	0.98	4.09	-	3.59
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

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