

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

### ZIEGLER SENIOR LIVING FINANCE + STRATEGY CONFERENCE: HIGHLIGHTS (PART I)

We are very excited to share highlights of the **20th Annual Ziegler Senior Living Finance + Strategy Conference** coming up October 4th-6th at The Broadmoor in Colorado Springs, Colorado. Not only will this be our 20th annual event but we will have record attendance with more than 650 attendees ranging from the country's leading senior living executives, business firms, banks, and investors. We appreciate the commitment of nearly 60 guest speakers (outside of Ziegler staff) who will share their expertise and best practices across the three days of the event.

Beginning on Wednesday, attendees will supplement their planned morning activities with afternoon pre-conference sessions. In a session developed specifically for the roughly 80 Board Members registered for the conference, Rick Stiffney (Mennonite Health Services) and Lisa McCracken (Ziegler) will present **Building Board Muscle: Strategic Governance for the Next Generation of Senior Living**. This session will provide best practices for not-for-profit governance and will touch on topics important to both board members and executive leadership.

Those interested in a primer on senior living finance and risk management should attend **Senior Living Finance 101 and Risk Management 101**, presented by Ziegler's own Brandon Powell, Reanae Seth and Scott Determan. For those who are interested in the latest updates and recommendations stemming from ASC 606, there is **Addressing Changes in Financial Reporting for Life Plan Communities**, presented by Alwyn Powell (A.V. Powell & Associates) and Mark Ross (Baker Tilly Virchow Krause). To round-out the pre-conference activities, the annual meeting of the **Ziegler Linkage Fund (ZLF) Limited Partners** will take place on Wednesday afternoon. Limited Partners will network with fellow investors, hear updates on the fund initiatives and discuss future investment goals.

Dan Hermann, Don Carlson, Rich Scanlon, Tom Meyers, Mary Munoz and Lisa McCracken will officially open the conference on Thursday morning with the **State of Senior Living and the Senior Living Capital Markets 2017**. The opening session will lay the foundation for the conference, touching on the key themes impacting senior living providers today, as well as the healthy state of the senior living capital markets. All in attendance will be provided with data-driven insights and commentary into the current senior living sector and will be inspired to move forward with advancing the work of their respective organizations. The opening session will be followed by a series of robust break-out general sessions, including the following:

- **System Trends: Investigating the Dynamics of Proactive System Providers.** Ron Jennette (Methodist Retirement Communities), Joseph Murphy (Masonic Villages of Pennsylvania) and Jill Wilson (Otterbein Senior Lifestyle Choices) will join Ziegler's Dan Hermann and Tom Meyers in this popular annual conference session. These three esteemed industry providers will share their insights into topics such as the impact of healthcare reform, system growth, partnerships, and senior living strengths and challenges.
- **New Campus Development and Significant Expansions.** Presenters will talk about recent new campus and expansion growth, sharing general project overview materials, keys to success, unique opportunities, and lessons learned. Mark Andrews (Greystone) will give attendees an industry overview on campus growth and trends in development while Gary Marsh (Masonic Homes of Kentucky) and Stuart Jackson (Greystone) will present a case study of a significant campus expansion.
- **Successful Models for the Home & Community-Based Services Market.** Three providers, Jeffrey Friemark (Miami Jewish Health System), Zachary Jacobsen (St. Martin's), and Jon-Paul Venoit (Masonicare) will each share their respective stories of success and lessons learned, as they have grown and evolved their respective home and community-based services programs, including PACE, home care and hospice among others. Each organization has a different story and perspective on the non-bricks-and-mortar type services and programs and attendees are sure to walk away with viable next steps for their own organization.
- **Successful Models for the Independent Living Middle Market.** We know that there is much focus on preparing for the next generation of seniors with specific attention being paid to the middle-income bracket of older adults. Three providers will talk about their organization's commitment to development, measured pricing, and targeted acquisitions that align with the middle-market senior group. Steve McAlilly (Methodist Senior Services), Mark Ricketts (National Church Residences) and Kevin Stagg (Christian Health Care Center) will each share their respective organization's perspective and case studies on this topic.
- **Institutional Investor Panel.** The fixed-rate bond market has been a standard finance vehicle for many years and 2017 is no exception. This annual session will consist of a panel of institutional investors, Charles Hachten (Nuveen Asset Management), Akiko Mitsui (Vanguard) and Kristen Richardson (Putnam Investments), and a rating agency, Paul Rizzo (Fitch Ratings), to share their perspectives on senior living credits. This session is intended to be interactive, so attendees are encouraged to come prepared with questions!

These are just a snapshot of the start of the conference. Stay tuned for upcoming issues of *Z-News* for more detailed information on additional sessions such as system sophistication, sponsorship transition activity, single-site providers in the spotlight, and the for-profit marketplace, to name a few.

LISA MCCRACKEN  
DIRECTOR  
SENIOR LIVING RESEARCH & DEVELOPMENT

#### ZIEGLER

200 South Wacker Drive | Suite 2000  
Chicago, IL 60606

#### CONTACT US

800 366 8899  
askziegler@ziegler.com



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

SEPTEMBER 7-18, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Philadelphia Presbytery Homes (PA)	Fitch	BBB Stable	Assigned Rating Affirmed Rating	9/7/17
The United Methodist Retirement Homes (NC)	Fitch	BBB Stable	Assigned Rating Affirmed Rating	9/12/17
Rogue Valley Manor (OR)	Fitch	A- Stable	Affirmed Rating	9/13/17
Brazos Presbyterian Homes (TX)	Fitch	BB+ Positive	Affirmed Rating	9/14/17
Cadbury at Lewes dba Cadbury Senior Lifestyles (DE)	Fitch	BBB Stable	Affirmed Rating	9/18/17

*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 SEPTEMBER 15, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.76%	2.66%	2.86%
Senior Living 30-Yr "A"	3.66%	3.56%	3.94%
Senior Living 30-Yr "BBB"	4.06%	3.96%	4.36%
Senior Living Unrated	4.66%	4.56%	4.97%
Senior Living New Campus	6.75%	6.75%	6.66%
SIFMA Muni Swap Index	0.82%	0.78%	0.74%

Source: Ziegler Capital Markets

**FEATURED FINANCING**

**\$39,325,000**

South Carolina Jobs-Economic Development Authority, Residential Care Facilities Revenue Bonds, Series 2017

**SOUTH CAROLINA EPISCOPAL HOME AT STILL HOPES**

Columbia, South Carolina

## MARKET REVIEW

## MONEY MARKET RATES

	9/15/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.25	4.25	3.50
Federal Funds (weekly average)	1.16	1.16	1.16	0.38
90 Day T-Bills	1.03	1.03	1.00	0.28
30-Day Commercial Paper (taxable)	1.11	1.11	1.07	0.43
Libor (30-day)	1.23	1.23	1.22	0.52
7 Day Tax-Exempt VRDB	0.85	0.78	0.77	0.70
Daily Rate Average	0.82	0.76	0.65	0.60

## COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.29	2.00	1.89	1 Year	0.76	2.01	2.18	1.91	1.51	1.21	1.01
5 Year	1.80	4.25	2.80	5 Year	1.20	2.70	3.15	2.55	2.20	1.85	1.60
7 Year	2.03	4.75	3.38	7 Year	1.47	3.22	3.55	3.02	2.67	2.27	2.07
10 Year	2.19	5.00	3.59	10 Year	1.88	3.78	4.11	3.58	3.18	2.78	2.48
30 Year	2.76	6.25	4.41	30 Year	2.76	4.66	4.89	4.46	4.06	3.66	3.36
				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	3.56	3.49	+0.07	4.02	3.49
11 Bond Index	3.07	3.00	+0.07	3.53	3.00
Revenue Bond Index	3.77	3.70	+0.07	4.17	3.70
30 Year MMD	2.76	2.66	+0.10	3.24	2.66
Weekly Tax-Exempt Volume (Bil)	4.98	3.03	+1.95	7.93	0.46
30 Day T/E Visible Supply (Bil)	5.64	5.93	-0.29	13.37	3.67
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	132.60	133.33	-0.73	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)		
09/15/17	0.82	4.25	1.16	1.03	1.11	1.23	3.66	-	3.36
09/08/17	0.78	4.25	1.16	1.03	1.11	1.23	3.56	-	3.26
09/01/17	0.79	4.25	1.14	0.99	1.11	1.23	3.60	-	3.30
08/25/17	0.78	4.25	1.16	1.01	1.10	1.23	3.63	-	3.33
08/18/17	0.77	4.25	1.16	0.99	1.07	1.22	3.67	-	3.37
08/11/17	0.78	4.25	1.16	1.03	1.11	1.22	3.63	-	3.33
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
06/02/17	0.76	4.00	0.89	0.95	0.86	1.08	3.75	-	3.35
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

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