

ZIEGLER INVESTMENT BANKING

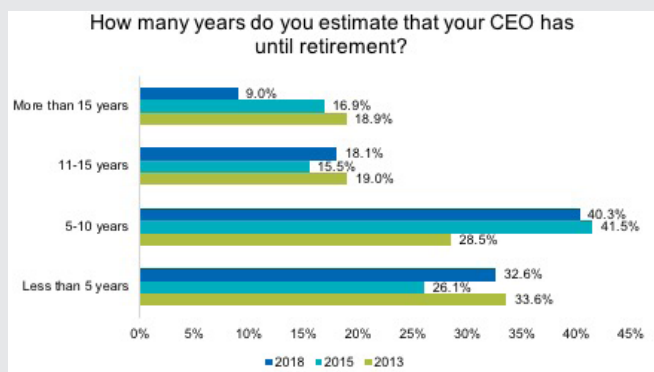
SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

SUCCESSION PLANNING IN SENIOR LIVING

This past month, Ziegler conducted a *CFO Hotline*SM poll devoted to the topic of succession planning. This topic was previously covered in 2013 and 2015, and allows for historical comparisons. Nearly 145 senior living Chief Financial Officers and financial professionals participated in the poll. The survey covered topics such as CEO tenure, anticipated times for retirement, as well as employment contracts within the C-Suite leadership team.

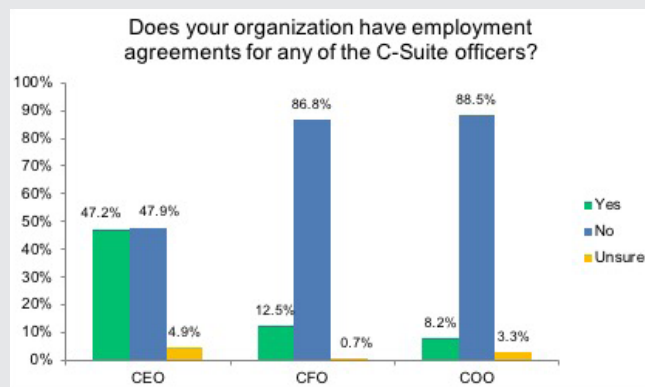
Respondents were asked to estimate how long the organization's Chief Executive Officer (CEO) has until retirement. As shown below, one-third of the respondents indicated that their CEO will likely retire in less than five years, while another 40% estimated that their CEOs will retire in the next 5 to 10 years. When looking at the next 10 years collectively, it is estimated that more than 70% of the CEOs will retire. This is up from the 68% reported in 2015 and 62% in 2013.



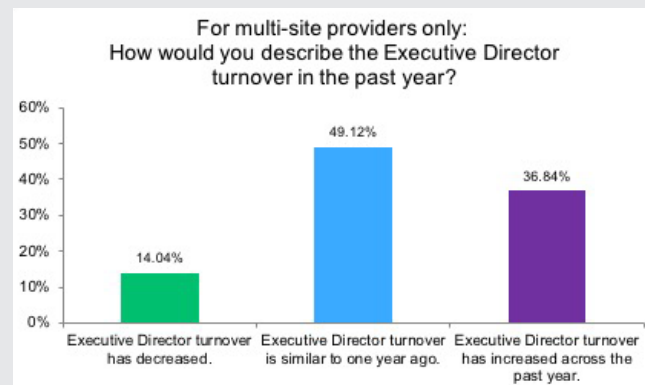
The survey also inquired about succession planning for future C-suite vacancies. Thirty-five percent (35%) of the organizations responded that they have a formal written succession plan in place for the CEO position. This is the same as 2015, and similar to the 39% of organizations who said they had a formal written succession plan in 2013. Multi-site organizations were more likely to have established a formal succession plan compared to single-site organizations.

Similar succession planning questions were asked of organizations that have Chief Financial Officer (CFO) and Chief Operation Officer (COO) positions. It is estimated that roughly 18% of the CFOs will retire within the next five years, and another 43% are expected to retire in 5 to 10 years. COO retirement plans are similar in 2018 as in 2015. About 15% are expected to retire in the next five years, with another 24% anticipating retirement both in 5 to 10 years, as well as in 11 to 15 years. As in 2015, nearly four in 10 (37.3%) have more than 15 years until retirement.

A new question for this year's survey related to employment agreements for the C-Suite staff. While nearly half (47.2%) of those polled said their organizations have employment agreements for their CEOs, just 12.5% said they have agreements for their CFOs, and fewer than one in 10 (8.2%) said they have similar agreements for their COOs. Multi-site providers are more likely to have employment agreements than single-site organizations.



Specific to the multi-site organizations, a survey question asked about Executive Director turnover. Nearly half said that Executive Director turnover is similar to one year ago, while another 36.8% said it has increased in the past year. Less than 15% indicated that Executive Director turnover has decreased.



To access a copy of the full report and more detailed findings, please [click here](#). If you have any questions regarding the *Ziegler CFO Hotline*SM survey or other related topics, we encourage you to reach out to the Ziegler banker in your region.

LISA McCracken
DIRECTOR, SENIOR LIVING RESEARCH & DEVELOPMENT
ZIEGLER

ZIEGLER

200 South Wacker Drive | Suite 2000
Chicago, IL 60606

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

MARCH 26 - APRIL 3, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Eskaton Properties (CA)	S&P	BBB Stable	Affirmed Rating	3/26/18
Messiah Lifeways (PA)	Fitch	BBB-Stable	Affirmed Rating	3/29/18
Mary's Woods at Marylhurst (OR)	Fitch	BB Stable	Affirmed Rating Assigned Rating	3/29/18
Lakeview Village (KS)	Fitch	BB+ Stable	Affirmed Rating Assigned Rating	3/30/18
The Loomis Communities (MA)	S&P	BBB Stable	Upgraded Rating	4/3/18

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 30, 2018

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.95%	3.00%	2.81%
Senior Living 30-Yr "A"	3.75%	3.80%	3.72%
Senior Living 30-Yr "BBB"	4.05%	4.10%	4.09%
Senior Living Unrated	4.75%	4.80%	4.74%
Senior Living New Campus	6.50%	6.50%	6.61%
SIFMA Muni Swap Index	1.58%	1.36%	0.98%

Source: Ziegler Capital Markets

IN YOUR CORNER
LEADINGAGE MAINE & NEW HAMPSHIRE 2018 ANNUAL CONFERENCE & EXHIBITION

Sheraton Portsmouth Harborside Hotel
Portsmouth, New Hampshire
April 11-12, 2018

Ziegler Participant: Keith Robertson
Wednesday, April 11 | 3:00 - 4:30 pm
Successful Campus Relationships

FEATURED FINANCING

JOHN KNOX VILLAGE
Lee's Summit, Missouri

The Industrial Development
Authority of the City of Lee's
Summit, Missouri
Senior Living Facilities Revenue
Bonds, Series 2018A

\$52,565,000

MARKET REVIEW

MONEY MARKET RATES

	3/30/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.75	4.75	4.50	4.00
Federal Funds (weekly average)	1.67	1.48	1.38	0.88
90 Day T-Bills	1.67	1.72	1.63	0.76
30-Day Commercial Paper (taxable)	1.84	1.84	1.65	0.80
Libor (30-day)	1.88	1.86	1.67	0.98
7 Day Tax-Exempt VRDB	1.58	1.36	1.09	0.91
Daily Rate Average	1.60	1.30	1.20	0.93

COMPARATIVE YIELDS
TAXABLE REVENUE

	GOVT	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	2.03	2.53	1 Year	1.54	2.79	2.89	2.69	2.29	1.99	1.79
5 Year	2.56	3.46	5 Year	2.04	3.44	3.54	3.29	2.99	2.69	2.44
7 Year	2.68	3.83	7 Year	2.21	3.86	3.96	3.61	3.31	3.01	2.71
10 Year	2.74	4.09	10 Year	2.42	4.22	4.42	3.92	3.52	3.22	2.92
30 Year	2.97	4.57	30 Year	2.95	4.75	4.95	4.45	4.05	3.75	3.45

(* Representative of retail sales.); (** Representative of institutional sales.)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2018 HIGH	2018 LOW
Bond Buyer					
20 Bond Index	3.89	3.90	-.01	3.90	3.44
11 Bond Index	3.39	3.40	-.01	3.40	2.94
Revenue Bond Index	4.37	4.38	-.01	4.46	2.92
30 Year MMD	2.95	3.00	-.05	3.05	2.56
Weekly Tax-Exempt Volume (Bil)	6.62	1.71	+4.90	6.62	0.71
30 Day T/E Visible Supply (Bil)	8.29	4.42	+3.87	8.29	4.00
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	126.26	123.37	+2.89	126.26%	120.43%

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)		
03/30/18	1.58	4.75	1.67	1.67	1.84	1.88	3.75	-	3.45
03/23/18	1.36	4.75	1.48	1.72	1.84	1.86	3.80	-	3.50
03/16/18	1.22	4.50	1.42	1.76	1.79	1.78	3.84	-	3.54
03/09/18	1.13	4.50	1.41	1.66	1.75	1.71	3.85	-	3.55
03/02/18	1.09	4.50	1.38	1.63	1.65	1.67	3.82	-	3.52
02/23/18	1.09	4.50	1.41	1.64	1.57	1.62	3.85	-	3.55
02/16/18	1.00	4.50	1.41	1.59	1.55	1.58	3.83	-	3.53
02/09/18	0.98	4.50	1.41	1.55	1.50	1.57	3.77	-	3.47
02/02/18	1.08	4.50	1.39	1.48	1.49	1.57	3.73	-	3.43
01/26/18	1.16	4.50	1.41	1.42	1.50	1.56	3.58	-	3.28
01/19/18	1.23	4.50	1.41	1.42	1.51	1.55	3.51	-	3.21
01/12/18	1.31	4.50	1.41	1.41	1.51	1.55	3.51	-	3.21
01/05/18	1.47	4.50	1.41	1.40	1.50	1.55	3.36	-	3.06
12/01/17	0.97	4.25	1.13	1.26	1.18	1.37	3.59	-	3.29
11/03/17	0.92	4.25	1.14	1.17	1.13	1.24	3.65	-	3.30
10/06/17	0.92	4.25	1.16	1.04	1.10	1.23	3.73	-	3.43
09/01/17	0.79	4.25	1.14	0.99	1.11	1.23	3.60	-	3.30
08/04/17	0.79	4.25	1.14	1.07	1.12	1.23	3.61	-	3.31
07/07/17	0.86	4.25	1.16	1.03	1.08	1.22	3.82	-	3.42
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

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