

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

THE 20TH ANNUAL ZIEGLER LEADINGAGE NATIONAL CFO WORKSHOP

This week, nearly 200 Chief Financial Officers (CFOs) and industry finance professionals gathered for the 20th year to attend the *Ziegler LeadingAge National Senior Living CFO Workshop*. Ziegler staff, LeadingAge staff, and nearly 20 CFOs formed a Steering Committee to develop a robust educational and networking agenda specifically designed for not-for-profit senior living professionals. The speakers represent industry specialists in areas such as policy, compliance, accounting, bank debt-new tax bill and skilled nursing viability, as well as providers who are innovating, growing and willing to share their best practices.

The pre-conference activities began with a popular annual session, **Senior Living Finance 101 and Risk Management 101**. Carter Smitherman (Royal Oaks Retirement Community) and Ziegler's Daren Bell and Scott Determan presented an overview of concepts for senior living financing, as well as the role of finance professionals in senior living. This session is tremendously beneficial for those new to the industry or those looking for a refresher course on not-for-profit senior living financings.

The official kickoff of the conference began Tuesday with welcoming remarks from Ziegler and LeadingAge. Ziegler's Dan Hermann, Tom Meyers, Mary Muñoz and Rich Scanlon presented **Focus on Finance 2018**, wherein attendees were informed of the latest economic trends, industry trends and capital markets information.

Following the finance overview was a policy update presented by Ruth Katz (LeadingAge). In her **Policy Talk** presentation, she spoke on the latest issues in Washington, D.C. such as tax reform, the federal budget, LeadingAge policy process, executive branch activities, and what providers need to anticipate in the coming year.

The late morning breakout sessions on Thursday covered topics such as:

- Ziegler's Lisa McCracken and Dan Revie presented **Not-for-Profit Sponsorship Transition Trends: Diving into the Data** wherein they focused on recent and successful affiliations; acquisition trends with not-for-profits versus for-profits; and valuation mechanics and considerations when acquiring or selling a property.
- The next session, **Considerations for Providers Looking to Grow Their HCBS Platforms** presented by Nancy King (Senior Options) and Chris Hendrickson (Ziegler). Ms. King focused on growth strategies and considerations while Mr. Hendrickson spoke about the macro trends in the Home and Community-Based Sector, particularly as they relate to merger and acquisition activity.
- A new topic this year was **Physicians & Medical Clinics: In-House or Contract Out?** Dale Beiler (Garden Spot Communities) and Robbie Clausen (Lakeview Village) shared best practices and lessons learned on how to effectively operate and structure onsite medical clinics and partner with physician practices and hospitals in your market.

Tuesday early afternoon breakout sessions covered topics from small house models to workforce challenges to skilled nursing viability. Today's providers are repositioning their campuses by adding small-house models, which have gained popularity. In a session entitled **Keys to Operating Successful Small House Models**, Jeff Eyrich and Chris Green (Otterbein Senior Lifestyle Choices) and Susan Ryan (GreenHouse Project), discussed key success factors in developing small house models, insights into exploring this type of offering, and the adjustment demands when it comes to operations and staffing.

Clearly, not-for-profit senior living providers are feeling increased challenges related to staffing. **Workforce Round Robin—Bring Your Promising Practices**, presented by Susan Hildebrandt (LeadingAge) offered an open dialogue. With audience participation, best practices were shared on how to stay competitive; what organizations are doing to retain qualified staff; what works--what doesn't; etc.

A session that garnered significant attendance was **The Viability of Skilled Nursing in the Continuum of Tomorrow**, presented by Mike Ostrem (Horizon House). This session examined the role of skilled nursing, the actuarial trends for the future marketplace of seniors housing, and how some providers are 'right-sizing' their skilled nursing units.

Look ahead to next week's *Z-News* for a roundup on the second half of the *2018 Ziegler LeadingAge Senior Living National CFO Workshop!*

For further information on Ziegler, or anything included in this article, please contact the Ziegler banker in your region.

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CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

APRIL 18-23, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Masonic Villages of the Grand Lodge (PA)	S&P	A Stable	Affirmed Rating	4/19/18

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/YIELDS

(AS OF APRIL 20, 2018)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.00%	2.94%	2.81%
Senior Living 30-Yr "A"	3.80%	3.74%	3.70%
Senior Living 30-Yr "BBB"	4.00%	3.94%	4.06%
Senior Living Unrated	4.80%	4.74%	4.73%
Senior Living New Campus	6.50%	6.50%	6.61%
SIFMA Muni Swap Index	1.81%	1.72%	1.03%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.67%	4.67%	1.65%

**Ziegler Senior Living Municipal Long Bond Index
Source: Ziegler Capital Markets*

IN YOUR CORNER
LEADINGAGE INDIANA 2018 SPRING CONFERENCE & TRADE SHOW

Indiana Convention Center
Indianapolis, Indiana
May 7-8, 2018

Ziegler Participant: Tom Meyers
Session 1C: Monday, May 7 | 9:00 – 10:00am
What Does the New Tax Law Mean to Not-For-Profit Borrowers?

LEADINGAGE CALIFORNIA 2018 ANNUAL CONFERENCE & EXHIBITION

Pasadena Convention Center
Pasadena, California
May 7-9, 2018

Ziegler Participant: Sarkis Garabedian
Session 1C: Tuesday, May 8 | 7:30 – 8:30am
Building the Future: New Models for Middle-Income Seniors

Ziegler Participant: Mary Muñoz
Session 3A: Tuesday, May 8 | 2:15 – 4:15pm
The Uncertain Future of Skilled Nursing

Ziegler Participant: Sarkis Garabedian
Session 3B: Tuesday, May 8 | 2:15 – 4:15pm
Choosing Your Community's Path to Prosperity During Complex Times

FEATURED FINANCING


MARY'S WOODS AT MARYLHURST
Lake Oswego, Oregon

Hospital Facilities Authority of Clackamas County, Oregon, Senior Living Revenue Bonds, Series 2018

\$41,400,000

MARKET REVIEW

MONEY MARKET RATES

	4/20/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.75	4.75	4.75	4.00
Federal Funds (weekly average)	1.68	1.68	1.48	0.90
90 Day T-Bills	1.80	1.75	1.72	0.78
30-Day Commercial Paper (taxable)	1.87	1.81	1.84	0.83
Libor (30-day)	1.89	1.89	1.86	0.98
7 Day Tax-Exempt VRDB	1.81	1.72	1.36	0.92
Daily Rate Average	1.79	1.70	1.30	0.87

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	2.19	2.69	1 Year	1.69	2.94	3.04	2.79	2.44	2.14	1.94
5 Year	2.78	3.68	5 Year	2.11	3.51	3.61	3.31	3.01	2.76	2.51
7 Year	2.90	4.05	7 Year	2.26	3.91	4.01	3.56	3.26	3.06	2.76
10 Year	2.94	4.29	10 Year	2.44	4.24	4.44	3.84	3.44	3.24	2.94
30 Year	3.13	4.73	30 Year	3.00	4.80	5.00	4.40	4.00	3.80	3.50

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

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2018 HIGH	LOW
Bond Buyer					
20 Bond Index	3.87	3.85	+0.02	3.90	3.44
11 Bond Index	3.37	3.35	+0.02	3.40	2.94
Revenue Bond Index	4.35	4.33	+0.02	4.46	2.92
30 Year MMD	3.00	2.94	+0.06	3.05	2.56
Weekly Tax-Exempt Volume (Bil)	5.59	3.98	+1.61	6.62	0.71
30 Day T/E Visible Supply (Bil)	5.70	6.86	-1.16	8.29	4.00
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	122.18	123.02	-.84	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)		
04/20/18	1.81	4.75	1.68	1.80	1.87	1.89	3.80	-	3.50
04/13/18	1.70	4.75	1.68	1.75	1.81	1.89	3.74	-	3.44
04/06/18	1.60	4.75	1.68	1.71	1.82	1.89	3.78	-	3.48
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
01/05/18	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.