

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

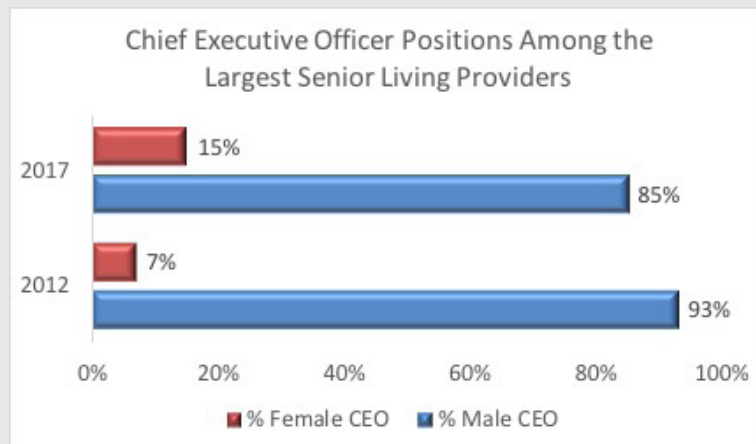
DIVERSITY IN THE SENIOR LIVING WORKPLACE

A recent Argentum report on the senior living workforce trends, along with an article this week from Senior Housing News, served as inspiration for this week's *Z-News* on diversity. While this topic has long been the focus of conversation in the senior living sector, changes in recent years have elevated the importance of a culture that embraces and promotes diversity. These changes include a more diverse labor force, a population of Baby Boomers who are more diverse than previous generations, and a Millennial workforce that rewards organizational diversity and inclusion that leads to long-term loyalty.

A Sector Heavily Dependent on Female Staff

Compared to the U.S. labor force, the senior living workforce is disproportionately female. Four out of five people in the senior living workforce are women, with most being healthcare workers.¹ We are an industry that is heavily dependent on women in caregiving positions, whether it be within a residential care setting or home health, hospice, etc. This gender breakdown has been consistent for some time as we look back at the history of care for older adults.

While the senior living workforce as a whole is heavily dominated by females, the upper-level positions within organizations are still heavily male-dominated. Among the current LeadingAge Ziegler 150 organizations, the vast majority of C-Suite positions are held by men. Even though the sector, over the past five years, has made strides toward greater gender diversity, the top levels within the sector remain male-dominated.



Source: 2017 LeadingAge Ziegler 150; 2012 LeadingAge Ziegler 100

Understanding Millennial Expectations for Greater Diversity

There is much conversation today about recruitment and retention efforts for younger staff, particularly the Millennial generation. They represent a significant portion of our workforce, but have different preferences and work styles than other generations. Many studies also show that they are more likely to have higher turnover in positions than other cohorts and define workplace loyalty differently than certain Baby Boomers or Gen Y's. A recent survey published by Deloitte shows that Millennial workers have a better perception of leaders of diverse and forward-thinking companies. They see these work environments as more motivating and stimulating.² To be clear, the generation of Millennial workers define diversity in multiple ways, beyond just demographics. Below are a number of key elements that came out of the study.²

- Demographic diversity (gender, race, age, lifestyle, culture)
- Diverse educational backgrounds
- Tolerance, inclusiveness and openness
- Respect and an acknowledgement of the individual
- Different ideas or ways of thinking

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For senior living organizations looking to attract Millennial talent, and retain them, it is important for not only demographic shifts to take place, but also culture ones embodying many of the aforementioned elements.

Examples of Efforts Underway to Advance Diversity in Senior Living

It should be acknowledged that there are numerous efforts underway within senior living organizations and proactive associations, to enhance organizational diversity. This includes a commitment to ensuring greater diversity among the leadership teams as well as board composition. Many providers celebrate the diversity of staff and residents through various cultural events, educational opportunities, and cultural appreciation training.

In 2016, LeadingAge North Carolina initiated a regular publication to its membership entitled, “Inclusion Insights.” This newsletter highlights trends, practices, and news related to inclusion and diversity in aging services. Their most recent newsletter released in February of this year, provides information on board diversity, ways to facilitate authentic interactions among co-workers of varying races and backgrounds, as well as the latest research on diversity from the Harvard Business review. This newsletter is part of a larger initiative to expand the diversity within senior living and services for older adults.

Below is a listing of recent articles in our sector regarding diversity. Some are thought-provoking and challenge the sector to do better while others showcase best practices among provider organizations.

- [Senior Housing Needs to Increase its Diversity Competency](#)
- [Caring for People From Many Cultures](#)
- [Senior Living Poised to Attract More Diverse Residents](#)
- [Celebrating Diversity in Senior Living](#)
- [Better Board Leadership a Must for Nonprofit Senior Living Success](#)

Concluding Thoughts

This topic is much broader than any one article can give justice to. Diversity is defined differently within each organization and also individually within each of us. The data does show that there are areas of our sector where we are making progress and other areas where we have room to grow. At the end of the day, it is about growth and evolution. We collectively need to continue the conversations and embrace the benefits that diversity in demographics, thinking and background can bring to enhance our missions and the work we do every day.

If your organization has any questions for Ziegler regarding this article or other matters, please do not hesitate to contact the Ziegler banker in your region.

LISA MCCrackEN
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ZIEGLER

Sources

¹*The Senior Living Employee: A Socioeconomic Portrait of Today's Worker. Argentum, 2018.*

²*2018 Deloitte Millennial Survey*

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

MAY 8 - 14, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Diakon Lutheran Social Ministries (PA)	Fitch	BBB+ Stable	Affirmed Rating	5/10/18
Life Enriching Communities (OH)	Fitch	BBB- Stable	Affirmed Rating	5/10/18

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 MAY 11, 2018)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.97%	3.00%	2.81%
Senior Living 30-Yr "A"	3.77%	3.80%	3.69%
Senior Living 30-Yr "BBB"	3.97%	4.00%	4.03%
Senior Living Unrated	4.77%	4.80%	4.71%
Senior Living New Campus	6.50%	6.50%	6.59%
SIFMA Muni Swap Index	1.51%	1.61%	1.07%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.66%	4.67%	1.71%

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

IN YOUR CORNER
LEADINGAGE ARIZONA 2018 ANNUAL CONFERENCE & EXPO

We-Ko-Pa Resort & Conference Center
Scottsdale, Arizona
May 30-June 1, 2018

*Ziegler Participant: Daren Bell
Session 3O: Friday, June 1 | 9:30 – 11:00am
Hot Topics in Senior Living*

FEATURED FINANCING

LAKEVIEW VILLAGE
Lenexa, Kansas

City of Lenexa, Kansas,
Health Care Facility Revenue Bonds,
Series 2018A

\$52,030,000

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

The domestic equity markets logged strong gains, pushing the major indexes into positive territory for calendar year 2018. The S&P 500 Index recorded its biggest weekly gains of the quarter, late in the week, it closed above its 100-day moving average for the first time in a month. The financial sector was the primary driver of gains. Increased bond yields offer the prospect of higher lending margins for banks. On the other hand, the rise in bond yields put pressure on high dividend paying stocks as they became less attractive in comparison to bond yields. By week's-end, data and analytics firm FactSet announced that earnings for the S&P 500 had grown by nearly 25% in the quarter year-over-year, with 80% of companies beating analysts' earnings and revenue estimates.

On Tuesday, President Trump announced the U.S.'s withdraw from the Iranian nuclear deal and re-imposing of sanctions on the oil-rich country, but the action was expected and did not result in significant changes in oil prices. The orderly rise in domestic crude prices gave a lift to the energy sector. For the first time since 2014, the price per barrel of West Texas Intermediate crude hovered above \$70 for much of the week. It was rumored that Saudi Arabian officials were preparing to push international oil prices to \$80 per barrel. Energy stocks were the second-weakest segment in the S&P 500 since last year while energy shares finished the week as the index's second best sector year-to-date; only technology has performed better.

As for fixed income, the all-important yield on the benchmark 10-year Treasury note momentarily eclipsed the 3% barrier, but finished only slightly higher for the week, at 2.97%. After outperforming Treasuries for the past couple weeks, municipals continued to be strong. Technical factors were again the catalyst with new transactions continuing to create a healthy balance, the issuance volume was enough to attract buyers while still minor enough to result in deals being well subscribed. Municipal market participants showed more confidence as municipals are entering a seasonally strong period. At week's end, however, market activity slowed a bit as investors prepare for the next week's anticipated \$10 billion in new issuance, the largest calendar so far in 2018. Investors in municipal bond funds reversed course and put cash into the funds in the latest reporting week, according to Lipper data released on Thursday. The weekly reporters saw \$167 million of inflows in the week ended May 9, after outflows of \$344 million in the previous week. High yield fund flows were particularly strong with reported inflows of \$230 million.

ADAM J. BUCHANAN
SENIOR VICE PRESIDENT

See pages 5-6 for current market rates

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

MARKET REVIEW

MONEY MARKET RATES

	5/11/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.75	4.75	4.75	4.00
Federal Funds (weekly average)	1.69	1.68	1.68	0.91
90 Day T-Bills	1.89	1.83	1.75	0.85
30-Day Commercial Paper (taxable)	1.79	1.85	1.81	0.84
Libor (30-day)	1.92	1.92	1.89	0.99
7 Day Tax-Exempt VRDB	1.50	1.61	1.72	0.79
Daily Rate Average	1.33	1.42	1.70	0.67

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	2.25	2.75	1 Year	1.74	2.99	3.09	2.84	2.49	2.19	1.99
5 Year	2.83	3.73	5 Year	2.05	3.45	3.55	3.25	2.95	2.70	2.45
7 Year	2.93	4.08	7 Year	2.25	3.90	4.00	3.55	3.25	3.05	2.75
10 Year	2.97	4.32	10 Year	2.44	4.24	4.44	3.84	3.44	3.24	2.94
30 Year	3.10	4.70	30 Year	2.97	4.77	4.97	4.37	3.97	3.77	3.47

(* 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	3.88	3.89	-0.01	3.97	3.44
11 Bond Index	3.36	3.37	-0.01	3.45	2.94
Revenue Bond Index	4.37	4.38	-0.01	4.46	2.92
30 Year MMD	2.97	3.00	-0.03	3.14	2.56
Weekly Tax-Exempt Volume (Bil)	5.58	2.89	+2.69	6.62	0.71
30 Day T/E Visible Supply (Bil)	6.35	7.33	-0.98	8.29	4.00
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	121.61	122.258	-0.97	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)		
05/11/18	1.50	4.75	1.69	1.89	1.79	1.92	3.77	-	3.47
05/04/18	1.61	4.75	1.68	1.83	1.85	1.92	3.80	-	3.50
04/27/18	1.75	4.75	1.68	1.77	1.83	1.90	3.94	-	3.64
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
02/02/18	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

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