CASE STUDY

ZIEGLER INVESTMENT BANKING

WISCONSIN ILLINOIS SENIOR HOUSING, INC. (WISH)

AUGUST 2018

$54,866,000
Wisconsin Health and Educational Facilities Authority
Series 2018 Revenue Bonds
(Wisconsin Illinois Senior Housing, Inc.)

CLIENT PROFILE

Wisconsin Illinois Senior Housing, Inc. (the "Borrower" or "WISH") is an Illinois nonprofit corporation organized in 1994. WISH is principally engaged in the business of owning and operating health care facilities that provide skilled nursing, convalescent and rehabilitative care to elderly persons on an in-patient basis, and assisted living facilities for elderly and handicapped persons. WISH is governed by an independent nonprofit board and is managed by Carriage Healthcare.

WISH owns and operates nine skilled nursing facilities ("SNFs") with a total of 537 beds, nine assisted living facilities ("ALFs") licensed as Community Based Residential Facilities ("CBRFs") with a total of 210 beds, and one 24-unit senior independent living facility licensed as a Residential Care Apartment Complex ("RCAC"). The communities are located across fourteen different campuses; all are located in rural areas of Wisconsin except for one located in a northwestern suburb of Chicago, Illinois. Prior to the financing, six of the assisted living facilities were owned by Wellington Homes of Wisconsin, LLC ("WHOW"), of which WISH is the sole member. As part of the Series 2018 financing, the WHOW facilities were merged into WISH to create a single-entity obligated group.

TRANSACTION HIGHLIGHTS

Ziegler was engaged to assist in the planning and implementation of a strategy to achieve significant annual debt service savings and form an obligated group governed by a new Master Trust Indenture with a common set of covenants and security provisions.

Proceeds of the Series 2018 Bonds were primarily used to refinance the outstanding Series 2007, 2010, 2012, 2013, and 2014 Bonds, pay off two bank loans, and finance various renovation and remodeling projects.

The nonrated Series 2018 Bonds were structured as a combination of tax-exempt fixed rate bonds comprised of both serial and term bonds (the Series 2018A Bonds) placed with institutional investors; taxable fixed rate bonds (the Series 2018B Bonds) directly placed with a bank, and taxable exchangeable fixed rate bonds ("Cinderella Bonds")(the Series 2018C and 2018D Bonds) directly placed with a bank. The resulting arbitrage yield on the entire issue was 5.05%, and WISH will realize over $1 million of annual savings until 2030. Ziegler acted as lead manager on the transaction; HJ Sims was co-manager.

THE ZIEGLER DIFFERENCE

WISH operates predominantly healthcare (ALF/SNF) units with tighter operating margins, liquidity, and occupancy levels than the traditional entrance fee-based continuing care retirement communities ("CCRCs") that most commonly access the fixed rate institutional markets. This made

WISCONSIN ILLINOIS SENIOR HOUSING INC.

REFERENCES

For references on Ziegler's role in this financing, please contact:

Mr. Robert ("Bob") Siebel
President
Carriage Healthcare Companies, Inc.

13185 West Green Mountain Drive
Lakewood, CO 80228
(303) 980-0611
bsiebel@carriagehealthcare.com

"While WISH has done numerous bond financings over its history, it had not previously worked with Ziegler. This was a complex, multi-faceted financing, and the Ziegler team responded with a reasoned and workable structure and successful placement that has WISH well-positioned to respond to the challenges facing post-acute providers in this environment."

For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at http://emma.msrb.org/.

THE ZIEGLER DIFFERENCE (CONT'D)

investor education on the WISH business model, the expertise of the Carriage Healthcare team, and focus on the strong forecasted financials key to a successful bond sale. To this end, Ziegler utilized its strong investor relationships and credit underwriting to generate investor interest in the deal that resulted in a successful pricing of the Series 2018A Bonds (average overall yield of 5.32%) and significant annual debt service savings.

The challenge in installing a new Master Trust Indenture was that it would have required either consent of existing bondholders or a complete refinancing of WISH's outstanding debt. With interest rates and credit spreads near historic lows, coupled with the opportunity to reamortize the debt for savings, a full refinancing was determined to be the better option for WISH. The Tax Cuts and Jobs Act of 2017 eliminated the use of tax-exempt bonds for advance refundings, however, which required Ziegler to find an unconventional solution. To solve this, Ziegler recommended the use of Cinderella Bonds, which are issued initially as taxable bonds and later convert to tax-exempt 90 days prior to the respective original call dates of the Series 2012 and 2013 Bonds (the "Cinderella Date"). The Cinderella Bond structure was successfully implemented, and the Series 2018C and 2018D Bonds initially pay a higher taxable interest rate of 5.42% but receive the benefit of the lower tax-exempt interest rate of 4.28% after the Cinderella Date. This financing represents the first use of Cinderella Bonds for a senior living organization after the repeal of municipal advance refundings in 2017.