

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER CFO HOTLINESM: TECHNOLOGY SPENDING IN SENIOR LIVING

For the third time since 2012, Ziegler has surveyed senior living CFOs about their spending across various categories of technology adoption (telehealth, electronic medical records, brain health technologies to name a few). Last week, Ziegler released the results of this multi-year study which lends significant insight into how senior living organizations are deploying capital for technology adoption. The latest issue of *Z-News* touches on the highlights of the most recent survey and can serve as a benchmarking tool for senior living organizations.

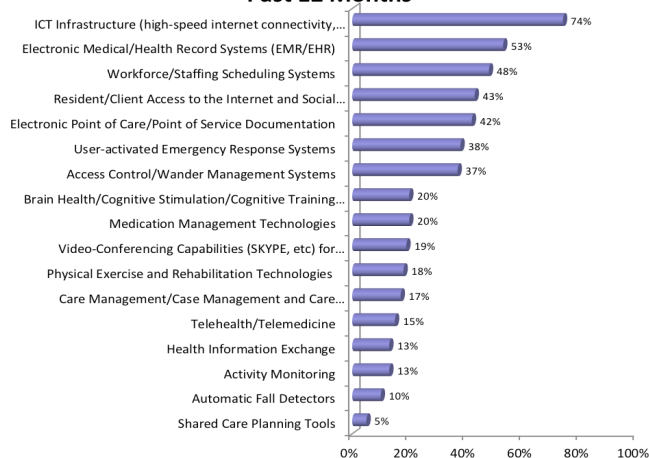
The initial section of the survey listed a variety of different technologies that are applicable to senior living providers and related healthcare organizations. Respondents were asked to identify which of the technologies they invested in over the past 12 months, as well as whether they planned to invest in them within the next 12 months.

The technology that most providers invested in over the past year was ICT Infrastructures (wireless, etc.). Nearly three quarters (74.0%) of providers reported investing in ICT in the past 12 months. It should be noted that a number of respondents indicated that they were not investing in some of the larger infrastructure-type technologies (e.g., ICT, EHR/EMR) simply because they had previously made those investments and were simply in a maintenance phase at the current time. More than 40% of the respondents invested in the following technologies in the past year:

- Electronic Health/Medical Records (53.0%)
- Workforce/Staffing Scheduling Systems (48.0%)
- Resident/Client Access to the Internet and Social Networking Sites (43.0%)
- Electronic Point of Care/Point of Service Documentation (42.0%)

Organizations were least likely to have invested in Health Information Exchange Solutions (13.0%), Activity Monitoring (13.0%), Automatic Fall Detectors (10.0%), and Shared Care Planning Tools (5.0%). The graph below details the investments made, by category, over the past year.

Investments in Technologies in the Past 12 Months



Survey respondents were asked to identify what percentage of their capital and operating budgets were devoted to these technologies in the past 12 months. The table below shows the average and median figures for the capital and operating budgets, respectively. In general, providers are budgeting about 3.0% to 3.5% in their total operating budgets, with single-sites budgeting a higher percentage than multi-site providers.

	Percentage of total Capital Budget devoted to technologies			Percentage of total Operating Budget devoted to technologies		
	2018	2016	2014	2018	2016	2014
Average percent (TOTAL)	10.0%	11.8%	12.2%	3.2%	2.5%	2.7%
Median percent (TOTAL)	7.0%	7.0%	9.5%	2.0%	2.0%	2.0%

The full *CFO Hotline*SM report provides more detailed information on historical comparisons, future spending, and also differences in spending between multi-site and single-site organizations. To access the full report, please [click here](#).

If you have any questions about the content of this issue of *Z-News* or other related items, please contact the Ziegler banker in your region.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

JANUARY 21, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
No Rating actions to report this week				

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

(AS OF JANUARY 18, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.04%	3.05%	3.02%
Senior Living 30-Yr "A"	4.04%	4.05%	3.89%
Senior Living 30-Yr "BBB"	4.44%	4.45%	4.14%
Senior Living Unrated	5.14%	5.15%	4.89%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.28%	1.39%	1.42%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.90%	4.89%	1.85%

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

FEATURED FINANCINGS



STILL HOPES

SOUTH CAROLINA EPISCOPAL HOME AT STILL HOPES
Columbia, South Carolina

South Carolina Jobs-Economic Development Authority, Residential Care Facilities Revenue and Revenue Refunding Bonds, Series 2018A

\$67,950,000



STILL HOPES

SOUTH CAROLINA EPISCOPAL HOME AT STILL HOPES
Columbia, South Carolina

Bank Direct Purchase / New Money

\$32,000,000



THE SPIRES AT BERRY COLLEGE
Rome, Georgia

Development Authority of Floyd County, Retirement Facility Revenue Bonds, Series 2018A

\$81,930,000



THE SPIRES AT BERRY COLLEGE
Rome, Georgia

Bank Direct Purchase / New Money

\$37,750,991

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

Major indexes climbed about 3.00% last week, marking the fourth positive weekly result. The S&P 500 and the DJIA are both up around 13% from a recent low in late December. Year-to-date, the indexes have gained 6.00% and 7.00% respectively. Friday marked the week's largest daily gain due to signs of progress in the U.S. – China trade dispute--the possibility that China may commit to buying more U.S. goods; and China's top trade negotiator is scheduled to visit Washington on January 30th for two days of talks. A strong week for stocks came despite the longest shutdown in U.S. government history; a shutdown that continues to indefinitely delay the release of key economic reports. The government shutdown has been cited as a key factor that has catalyzed a decline in consumer confidence.

Although the U.S. economy was expected to slow in 2019, recent data such as the ISM and Empire State manufacturing surveys suggest that the economy is cooling at a faster pace than anticipated. Crude oil surged on Friday to \$54 a barrel, marking its highest level in about 2 months. Last week, PPI rose 2.5% YoY, industrial production rose 0.3% MoM, and there were 213,000 jobless claims. Overseas, an eventful week in Britain caused the pound to swing sharply on Tuesday amid an overwhelming rejection by Parliament of Prime Minister Theresa May's Brexit deal, causing legislators to scramble to find an alternate deal over EU separation.

Barclays U.S. Bond Market Aggregate saw a -0.2% decrease last week, and Barclays High Yield Bond Average improved 0.7% in last weeks' trading, bumping YTD returns to 3.8%. MMD's 30-year AAA scale saw a slight cut last week, moving 3 BPs from 3.03 on Monday's trading session to 3.06 on Friday. In addition, Muni/Treasury percentages produced surprisingly low numbers, as the 10-year MMD yields came in at 79.4% of Treasury yields on Friday.

ADAM J. BUCHANAN
SENIOR VICE PRESIDENT

See pages 4-5 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

	1/18/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.50	5.50	5.50	4.50
Federal Funds (weekly average)	2.40	2.40	2.24	1.41
90 Day T-Bills	2.35	2.42	2.37	1.42
30-Day Commercial Paper (taxable)	2.51	2.51	2.50	1.51
Libor (30-day)	2.50	2.51	2.47	1.55
7 Day Tax-Exempt VRDB	1.28	1.39	1.68	1.23
Daily Rate Average	1.20	1.00	1.62	1.10

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	2.58	3.03	1 Year	1.69	3.19	2.94	2.54	2.14	1.89
5 Year	2.62	3.47	5 Year	1.83	3.53	3.23	2.93	2.53	2.18
7 Year	2.69	3.74	7 Year	1.94	3.84	3.49	3.19	2.79	2.39
10 Year	2.78	4.03	10 Year	2.20	4.30	3.95	3.60	3.20	2.65
30 Year	3.09	4.74	30 Year	3.04	5.14	4.79	4.44	4.04	3.49

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	4.19	4.20	-0.01	4.20	4.09
11 Bond Index	3.68	3.69	-0.01	3.69	3.58
Revenue Bond Index	4.66	4.67	-0.01	4.67	4.56
30 Year MMD	3.04	3.05	-0.01	3.05	2.93
Weekly Tax-Exempt Volume (Bil)	4.92	5.80	-0.88	5.80	0.20
30 Day T/E Visible Supply (Bil)	3.97	5.34	-1.37	6.53	3.97
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	130.74	134.10	-3.36	134.10%	130.74%

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)		
01/18/19	1.28	5.50	2.40	2.35	2.51	2.50	4.04	-	3.49
01/11/19	1.39	5.50	2.40	2.42	2.51	2.51	4.05	-	3.50
01/04/19	1.63	5.50	2.40	2.42	2.47	2.52	3.93	-	3.38
12/28/18	1.71	5.50	2.39	2.33	2.42	2.51	4.02	-	3.47
12/21/18	1.68	5.50	2.24	2.37	2.50	2.47	4.04	-	3.49
12/14/18	1.64	5.25	2.19	2.41	2.46	2.45	4.17	-	3.62
12/07/18	1.65	5.25	2.19	2.39	2.30	2.38	4.08	-	3.55
11/30/18	1.69	5.25	2.18	2.35	2.27	2.34	4.14	-	3.69
11/23/18	1.69	5.25	2.18	2.39	2.25	2.31	4.18	-	3.73
11/16/18	1.66	5.25	2.18	2.36	2.34	2.31	4.25	-	3.80
11/09/18	1.62	5.25	2.18	2.35	2.29	2.31	4.34	-	3.89
11/02/18	1.61	5.25	2.18	2.25	2.25	2.31	3.83	-	3.38
10/05/18	1.53	5.25	2.16	2.21	2.21	2.28	4.11	-	3.76
09/07/18	1.49	5.00	1.91	2.13	2.04	2.12	3.86	-	3.51
08/03/18	1.29	5.00	1.90	2.00	1.94	2.08	3.80	-	3.50
07/06/18	1.19	5.00	1.90	1.91	1.96	2.09	3.67	-	3.37
06/01/18	1.06	4.75	1.69	1.91	1.86	1.98	3.62	-	3.32
05/04/18	1.61	4.75	1.68	1.83	1.85	1.92	3.80	-	3.50
04/06/18	1.60	4.75	1.68	1.71	1.82	1.89	3.78	-	3.48
03/02/18	1.09	4.50	1.38	1.63	1.65	1.67	3.82	-	3.52
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

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