

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER EDUCATION, RESEARCH AND THOUGHT LEADERSHIP IN 2019

For many years, Ziegler has been committed to offering senior living providers and industry professionals high-caliber educational and networking opportunities, and this year is no exception. In 2019, Ziegler's Senior Living finance practice will host nearly **a dozen different conferences, workshops and symposiums**, providing **more than 1,500 senior living professionals** with the most up-to-date trends and research, along with valuable networking opportunities.

Early March will be the 16th annual **Ziegler Greystone Executive Symposium** in Scottsdale, Arizona. Following shortly thereafter is the 11th annual **LeadingAge Massachusetts Senior Living Symposium** which will host more than 200 attendees on March 14th in Natick, Massachusetts.

Each year, CEOs from large-campus CCRCs (defined as 500 or more ILUs on a single campus) gather to discuss the unique characteristics of their campuses and to engage in shared learning and networking. In April, this group of executives will gather for the **2019 Large Campus CCRC CEO Symposium**. Attendees will be hosted by John Knox Village (Pompano Beach, Florida). Ziegler is pleased to once again be a partner of this conference and assist with the educational components over these two days.

April 10-12 will be the 21st annual **Ziegler LeadingAge National Senior Living CFO Workshop** at the JW Marriott in Nashville, Tennessee. This year's agenda has been developed by Ziegler, LeadingAge, and a committee of engaged CFOs from throughout the country. This year's agenda not only focuses on the important financing and capital trends that CFOs need to be aware of, but will also provide education on the strategic issues that finance professionals will need to manage within their organization. The event will kick-off with a pre-conference workshop for financial professionals new to the field and will serve as a foundation for industry insights and peer mentoring for these individuals moving forward. The remainder of the conference will offer sessions on financing in today's capital markets, technology solutions for senior living providers, mitigating the complex workforce issues, and the latest accounting and risk management updates, to name more than a few. All sessions will be tailored with messages specific to financial professionals.

Ziegler also partners with several state associations including LeadingAge New Jersey, LeadingAge Maryland and LeadingAge Connecticut to offer one-day symposiums and workshops throughout the year. Ziegler will also be hosting a west-coast regional development symposium in late April at the brand new Village at Mary's Woods in Oregon.

Once again, Ziegler, along with LeadingAge and REALM, will host the **Catholic Leadership Symposium**. This year, the event will be held just prior to the LeadingAge Annual Meeting & Expo in San Diego (October 27-30). The symposium has grown each year and we

look forward to continued success. Stay tuned for more information as registration for the event opens this summer!

Ziegler not only targets educational events around providers and consultants to the sector, but each year Ziegler hosts a **National Senior Living Investor Workshop**. This workshop will be held in Chicago in June and will serve to provide bond investors with the information they need to stay on top of provider trends in the senior living sector.

Last year, Ziegler and Link•Age hosted the inaugural Ziegler Link•Age Longevity Fund Symposium. This highly-regarded event is held for the Limited Partners and Portfolio Companies associated with the Ziegler Link•Age Funds. On July 25th, Ziegler will once again convene this group of innovators to advance thought leadership and technology-enabled solutions across the senior living space.

To round out the annual conferences, Ziegler will celebrate its 22nd year of the **Senior Living Finance + Strategy Conference** at the Omni Amelia Island Plantation Resort, in Amelia Island, Florida. This year's event, being held September 25-27, is sure to be a meaningful opportunity for attendees to network with peers and to hear the latest information and best practices to advance their organizations in a truly dynamic environment.

In addition to dozens of presentations at various state associations and other conferences, Ziegler offers multiple non-conference educational materials for the sector. This includes monthly **CFO HotlineSM** reports, weekly newsletters, webcasts, and annual reports such as the **LeadingAge Ziegler 200 (LZ 200)**, which increased from 150 in 2018. Also, we often partner with other industry professionals to conduct research across a variety of topics and several initiatives are underway for this year. Ziegler will advance its tracking and reporting of the very active sponsorship transitions space with regular **Z-News** articles, white papers, and Z-Flash announcements of recent transactions in the not-for-profit space. We encourage everyone to take full advantage of the multiple educational resources made available to the senior living sector.

In closing, we thank all of the providers who graciously host many of these events on their campuses! We also thank all of the partners, experts and speakers who contribute to our educational events each year. All of this would not be possible without your continued support and dedication to advancing the field of senior living.

If you have any questions related to this article, the educational events, or any other issues, please contact the Ziegler banker in your region.

LISA MCCracken
DIRECTOR, SENIOR LIVING RESEARCH AND DEVELOPMENT
ZIEGLER

CATHY OWEN
ASSISTANT VICE PRESIDENT, SENIOR LIVING RESEARCH
ZIEGLER INVESTMENT BANKING

ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

CONTACT US

800 366 8899
askziegler@ziegler.com



NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

FEBRUARY 4, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Army Retirement Residence Foundation (TX)	S&P	BBB Stable	Affirmed Rating	1/29/19
Aldersly (CA)	Fitch	BBB+ Stable	Affirmed Rating	1/30/19
Montereau (OK)	Fitch	BBB- Stable	Affirmed Rating	1/31/19

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INTEREST RATES/YIELDS

(AS OF FEBRUARY 1, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.02%	3.11%	3.03%
Senior Living 30-Yr "A"	4.02%	4.10%	3.91%
Senior Living 30-Yr "BBB"	4.42%	4.50%	4.16%
Senior Living Unrated	5.12%	5.20%	4.91%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.43%	1.28%	1.43%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.89%	4.91%	1.82%

*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

Stock indexes posted yet another positive week, with the Dow extending its weekly gains to six in a row. After the worst December since 1931, the S&P 500 saw a gain of 7.9% last month, its best January performance since 1987. Similarly, the Dow added 7.2% in the opening month of 2019, its best January performance since 1989. Of the S&P 500 companies that have reported so far, fourth-quarter earnings have seen an average rise of 12% compared to the same quarter a year ago. Since 1929, a January market gain or loss has signaled the same up or down direction for that year 71% of the time. That being said, that trend has not panned out in two of the last three years.

The U.S. economy has generated job growth for 100 straight months now, the longest such streak on record. The streak extended after the government reported 304,000 added jobs in January. As another round of U.S. tariff increases approaches in March, trade talks with China have largely ended without a clear resolution. That said, China has agreed to increase its purchases of U.S. soybeans, an encouraging note in the negotiation process, which is expected to continue with meetings held in Beijing later this month. Additionally, crude oil has seen significant increases, climbing to roughly \$55 a barrel on Friday, its highest level in the last three months.

The Fed kept interest rates unchanged, but surprisingly changed communication to a more dovish tone, adopting a wait-and-see approach to future interest rates changes. Last week municipal bond funds experienced \$1,064 million of weekly reporting fund inflows. Municipal long term funds had \$546 million of weekly inflows, high yield funds had \$295 million of weekly inflows, national funds had \$802 million of weekly inflows, and ETF funds had \$239 million of weekly outflows. In 2019, there have been 4 weeks of inflows and 1 week of outflows. In 2018, there were 29 weeks of inflows and 23 weeks of outflows.

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

	2/01/19	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	2.40	1.39
90 Day T-Bills	2.39	2.36	2.42	1.48
30-Day Commercial Paper (taxable)	2.40	2.45	2.47	1.49
Libor (30-day)	2.51	2.51	2.52	1.57
7 Day Tax-Exempt VRDB	1.43	1.29	1.63	1.08
Daily Rate Average	1.47	1.11	1.50	1.01

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	2.56	3.01	1 Year	1.63	3.13	2.88	2.48	2.08	1.83
5 Year	2.50	3.35	5 Year	1.76	3.46	3.16	2.86	2.46	2.11
7 Year	2.58	3.63	7 Year	1.89	3.79	3.44	3.14	2.74	2.34
10 Year	2.68	3.93	10 Year	2.17	4.27	3.92	3.57	3.17	2.62
30 Year	3.02	4.67	30 Year	3.02	5.12	4.77	4.42	4.02	3.47

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	4.22	4.23	-.01	4.23	4.09
11 Bond Index	3.69	3.70	-.01	3.70	3.58
Revenue Bond Index	4.69	4.70	-.01	4.70	4.56
30 Year MMD	3.02	3.10	-.08	3.11	2.93
Weekly Tax-Exempt Volume (Bil)	2.45	3.66	-1.21	5.80	0.20
30 Day T/E Visible Supply (Bil)	6.60	3.25	+3.55	6.60	3.25
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	134.00	134.42	-.42	134.42%	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)		
02/01/19	1.43	5.50	2.40	2.39	2.40	2.51	4.02	-	3.47
01/25/19	1.29	5.50	2.40	2.36	2.45	2.51	4.10	-	3.55
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
11/02/18	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

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