

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

### THE 21ST ANNUAL ZIEGLER LEADINGAGE NATIONAL CFO WORKSHOP

Next week, nearly 250 Chief Financial Officers (CFOs) and industry finance professionals will gather for the 21st year to attend the *Ziegler LeadingAge National Senior Living CFO Workshop*. Ziegler staff, LeadingAge staff, and more than 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, risk management, accounting, senior living financing and workforce solutions, as well as providers who are innovating, growing and willing to share their best practices.

The pre-conference activities will begin Wednesday afternoon with a popular annual session, **Senior Living Finance 101 and Risk Management 101**. Kevin Goyette (The RiverWoods Group) and Ziegler's Tyler Simons and Scott Determan will present an overview of concepts for senior living financing and risk management, 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 will begin on Thursday with welcoming remarks from Ziegler and LeadingAge. Ziegler's Dan Hermann, Mary Muñoz, Amy Castleberry, Tommy Brewer and Lisa McCracken will present **Focus on Finance 2019**, wherein attendees will be informed of the latest economic trends, industry trends and capital markets information.

Following the finance overview is the annual policy update presented by Steve Maag with LeadingAge. In his **Policy Talk** presentation, Maag will speak on the latest issues out of Washington, D.C. such as the federal budget, LeadingAge policy priorities, executive branch activities, and what providers need to anticipate in the coming year with changes such as PDPM and changes to the 5-Star rating system.

The late morning breakout sessions on Thursday will cover topics such as:

- **To Partner or Go It Alone? Exploring the Advantages and Drawbacks of Joint Venture Structures** wherein Dale Beiler (Garden Spot Communities), Alisa Miller (MHS Consulting) and Nick Harshfield (WesleyLife) will share examples of joint ventures their organizations are engaged in and how they evaluated the benefits and potential drawbacks of these relationships.
- The next session, **2019 Finance Panel**, is a valuable session for those who will be accessing the capital markets in the near future. Neene Jenkins (Alliance Bernstein), Paul Rizzo (Fitch Ratings) along with Ziegler's Rich Scanlon, Tom Meyers and Kevin Strom will provide varying perspectives on topics such as the fixed-rate market, institutional investor expectations, trends in credit ratings and what to expect from the bank lending market.

- This year, several technology panels have been added to the agenda to reflect the wide-range of solutions that technology platforms are bringing into the marketplace. Derek Holt (K4Connect) and Nancy Koenig (Caremerge) will share their expertise around the integration of artificial intelligence and technological disruption in the session, **Tech Panel-The Smart Revolution is Upon Us**.

Thursday early afternoon breakout sessions will cover topics from improving Net Operating Margin (NOM) to workforce pressures and managed Medicare. In a session entitled **Understanding the Steps for Establishing a Provider-Owned Medicare Advantage Plan**, Laurence Gumina (Ohio Living), Terry Rogers (Christian Living Communities) and Will Saunders (AllyAlign) will share their own experiences of how they are creating ISNP plans in their respective markets. Their perspective and guidance will provide tremendous insight for attendees exploring similar initiatives in their own organization.

Clearly, not-for-profit senior living providers continue to feel increased challenges related to staffing. An additional **Tech Panel-Workforce Solutions**, will showcase three organizations who have solutions for staff recruitment and retention challenges and have practical experience across hundreds of senior living communities. Panelists will include David Leonard (Arena), Carrie Shaw (Embodied Labs) and Mark Woodka (OnShift).

A session that has always been a favorite in previous conferences is **Unraveling NOM and How to Improve Fiscal Performance**. Dan Gray (Continuum Development Services) and Amy Lampo (A. V. Powell & Associates), two respected veterans in the industry, will share their expertise and recommendations with attendees.

Look ahead to next week's **Z-News** for a roundup on the second half of the *2019 Ziegler LeadingAge National Senior Living 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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**NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS**

AS OF APRIL 2, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Miriam Osborn Memorial Home Association (The Osborn) (NY)	Fitch	A- Stable	Assigned Rating	3/29/19
Lakeview Village (KS)	Fitch	BB+ Stable	Affirmed Rating	4/2/19

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**INTEREST RATES/YIELDS**

(AS OF MARCH 29, 2019)


	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.60%	2.74%	3.01%
Senior Living 30-Yr "A"	3.30%	3.44%	3.90%
Senior Living 30-Yr "BBB"	3.60%	3.74%	4.16%
Senior Living Unrated	4.60%	4.74%	4.93%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.50%	1.53%	1.50%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.72%	4.73%	2.11%

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

**FEATURED FINANCING**



**THE PINES**  
AT · DAVIDSON

**THE PINES AT DAVIDSON**  
Davidson, North Carolina

North Carolina Medical Care  
Commission, Revenue Bonds,  
Series 2019

**\$42,725,000**

## MARKET COMMENTARY

## FROM A CAPITAL MARKETS PERSPECTIVE

Major stock indexes rose more than 1% last week, returning positive momentum to U.S. equity markets. March was a mixed bag, as the weeks alternated between modest gains and losses. Small-cap stocks specifically outpaced their large-cap peers, as the Russell 2000 added more than 2%. 1Q19 was as impressive of a first quarter in recent memory, as stock performance was the best in nearly a decade. For reference, the S&P 500 returned 14% in the first quarter of the year, the Dow returned about 12%, and the NASDAQ returned an impressive 17%. Information Technology was the top performing sector in the S&P 500 during the first quarter, returning nearly 20%, while Healthcare was the quarter's worst performing sector with a return of roughly 7%.

The president of the European Central Bank catalyzed the decline in bond yields last Wednesday after suggesting that policymakers consider further delays in its plans to raise interest rates. On Friday, British Parliament rejected Prime Minister Theresa May's Brexit deal for the third time. This leaves the UK close to exiting without a systematic plan to do so. As things stand, the split is scheduled to take place April 12th.

Investors continued to drive cash into government bonds globally, driving yields down to the lowest levels in years. The yield on the U.S. Treasury bond fell as low as 2.37%, which is the lowest level since December of 2017. On a similar note, Germany's 10-year bond fell deeper into negative territory, with a yield of -0.7%.

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

	3/29/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.50	5.50	5.50	4.75
Federal Funds (weekly average)	2.40	2.40	2.40	1.67
90 Day T-Bills	2.40	2.46	2.43	1.67
30-Day Commercial Paper (taxable)	2.43	2.46	2.43	1.84
Libor (30-day)	2.49	2.49	2.49	1.88
7 Day Tax-Exempt VRDB	1.50	1.53	1.74	1.58
Daily Rate Average	1.40	1.30	1.70	1.60

## COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	2.38	2.68	1 Year	1.48	2.98	2.68	2.08	1.63	1.48
5 Year	2.23	2.98	5 Year	1.57	3.17	2.92	2.37	1.97	1.72
7 Year	2.31	3.26	7 Year	1.67	3.47	3.17	2.62	2.22	1.87
10 Year	2.40	3.50	10 Year	1.86	3.86	3.46	2.86	2.56	2.06
30 Year	2.81	4.21	30 Year	2.60	4.60	4.20	3.60	3.30	2.80

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE	2019	
				HIGH	LOW
20 Bond Index	3.79	3.92	-.13	4.24	3.79
11 Bond Index	3.30	3.43	-.13	3.71	3.30
Revenue Bond Index	4.26	4.39	-.13	4.71	4.26
30 Year MMD	2.60	2.74	-.14	3.11	2.60
Weekly Tax-Exempt Volume (Bil)	5.02	1.77	+3.25	5.80	0.20
30 Day T/E Visible Supply (Bil)	4.59	5.30	-.71	6.60	1.92
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	117.43	119.86	-2.43	134.42%	117.43%

## 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)		
03/29/19	1.50	5.50	2.40	2.40	2.43	2.49	3.30	-	2.80
03/22/19	1.53	5.50	2.40	2.46	2.46	2.49	3.44	-	2.94
03/15/19	1.61	5.50	2.40	2.43	2.46	2.48	3.77	-	3.32
03/08/19	1.67	5.50	2.40	2.44	2.43	2.49	3.82	-	3.37
03/01/19	1.74	5.50	2.40	2.43	2.43	2.49	3.88	-	3.43
02/22/19	1.75	5.50	2.40	2.44	2.44	2.48	3.91	-	3.46
02/15/19	1.72	5.50	2.40	2.42	2.44	2.48	4.00	-	3.45
02/08/19	1.51	5.50	2.40	2.41	2.45	2.51	4.00	-	3.45
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
12/07/18	1.65	5.25	2.19	2.39	2.30	2.38	4.08	-	3.55
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

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