

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

### ZIEGLER CFO HOTLINE<sup>SM</sup>: RESIDENT PARTICIPATION ON BOARDS

There has been much interest in recent years among providers in knowing how organizations handle resident participation on governing boards. Do the majority of not-for-profit senior living organizations have residents participate on boards? If so, do they have voting rights just like any other board member? To gather feedback on these topics and more, last month Ziegler devoted its *Ziegler CFO Hotline<sup>SM</sup>* survey to resident participation on boards. The summary below gives highlights of the survey findings.

Nearly two-thirds of respondents (63.4%) reported having residents participating on their corporate boards and/or local-community advisory boards. One-quarter have residents on both the corporate and local boards, another 30% have residents on just the corporate board, while 36% have no residents on a board of any level. Resident participation at the corporate board level is higher for single-site providers (62.7%) than for multi-site organizations (44.1%).

For organizations with residents on their corporate-level boards:

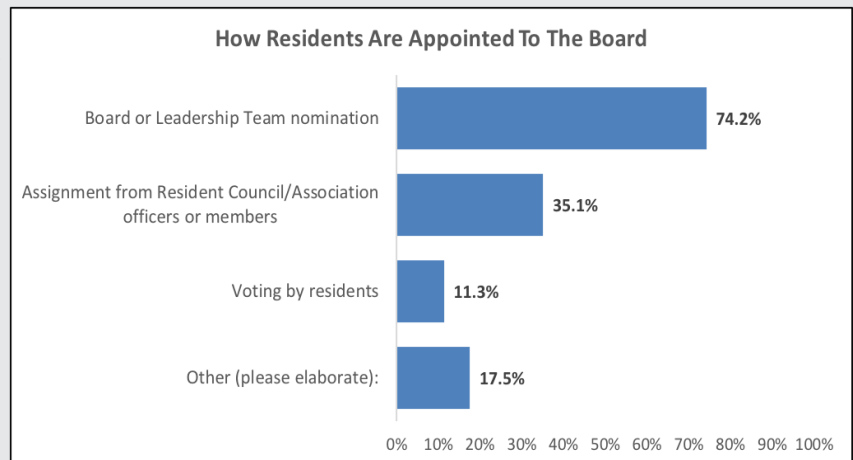
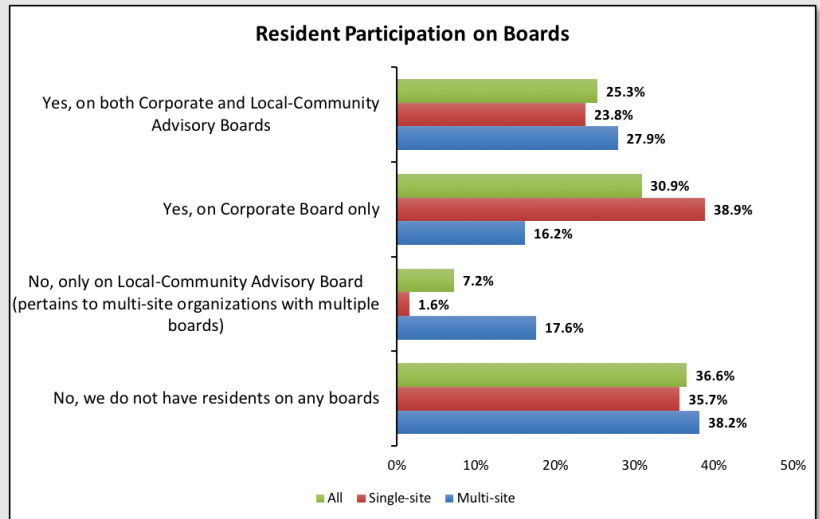
- Nine out of ten surveyed said that residents who sit on these boards have voting rights.
- More than one-fifth (22.4%) report that board participation is a function of a state mandate.

Survey participants were queried on how residents are appointed and/or elected to board positions (multiple responses were possible). As noted in the graph below, slightly more than 74% indicated that residents are nominated by the board or leadership team, 35% are assigned by Resident Council/Association officers or members, and 11% are appointed by resident vote. For the 17% responding “Other,” the comments, mentioned most often, were a combination of the above: a council or committee nomination/recommendation that is approved by the board.

For organizations without resident representation on their corporate-level boards, only 7.2% said they are considering adding them within the next few years.

For further information on the contents of this newsletter or additional related items, please contact the Ziegler banker in your region. To access the full *Ziegler CFO Hotline Report<sup>SM</sup>*, please [click here](#).

LISA MCCrackEN  
DIRECTOR, SENIOR LIVING RESEARCH AND DEVELOPMENT  
ZIEGLER



Note: Numbers add up to more than 100% as the question was “check all that apply”

**NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS**

AS OF JULY 8, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Rogue Valley Manor (OR)	Fitch	A- Stable	Affirmed Rating	6/27/19
Southminster, Inc. (NC)	Fitch	BB Stable	Affirmed Rating	6/28/19
Covia Communities (CA)	Fitch	A- Stable	Affirmed Rating	7/2/19
Blakeford at Green Hills (TN)	Fitch	BBB Negative	Affirmed Rating Revised Outlook	7/3/19
Cypress Cove (FL)	Fitch	BB+ Stable	Affirmed Rating	7/3/19
Eskaton Properties Inc. (CA)	S&P	BBB Negative	Affirmed Rating Revised Outlook	7/8/19

Copyright © 2019 by Fitch Ratings, Inc., Fitch Ratings LTD. And its subsidiaries  
 Copyright © 2019, S&P Global Market Intelligence  
 Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

**INTEREST RATES/YIELDS**

(AS OF JULY 5, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.27%	2.31%	2.87%
Senior Living 30-Yr "A"	2.97%	3.01%	3.74%
Senior Living 30-Yr "BBB"	3.27%	3.31%	4.03%
Senior Living Unrated	4.07%	4.11%	4.81%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.49%	1.90%	1.56%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.44%	4.45%	2.16%

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

**FEATURED FINANCINGS**


**SHELL POINT/ALLIANCE  
 OBLIGATED GROUP  
 SHELL POINT/WATERSIDE  
 HEALTH  
 Fort Myers, Florida**

Lee County Industrial Development  
 Authority, Healthcare Facilities  
 Improvement Revenue Bonds,  
 Series 2019

**\$81,160,000**

## MARKET COMMENTARY

## FROM A CAPITAL MARKETS PERSPECTIVE

Last week, equities posted gains between 1% to 2%, as the major stock indexes rallied after a slight decline the previous week. Despite a small pullback on Friday, the S&P 500 closed at a record high for 2019 on Wednesday, closing at 2,996, putting the index within grasp of the 3,000 mark. Additionally on Wednesday, the Dow topped its record set last October, closing at 26,966. YTD, information technology has been the top-performing sector in the S&P 500 index, with a price gain of over 29% in 2019. On the contrary, healthcare and energy sectors have proved to be the worst performing sectors on the year, with gains of roughly 9% and 10% in 2019, respectively.

According to the June jobs report, released Friday, the economy added 224,000 jobs, which beat the consensus estimates of 165,000 jobs. This report has now raised conversation as to whether the Fed should act on their seemingly dovish economic outlook and cut rates at their July meeting, or continue to hold rates at their current levels. Stocks had a strong start to the week after a meeting at the G20 summit which eased trade tensions between the U.S. and China. The countries agreed to resume negotiations, and the U.S. vowed to hold off on further tariff increases for the time being, while China agreed to purchase additional U.S. goods.

In fixed income, eyes are on Federal Reserve Chairman Jerome Powell, who is scheduled to present his semiannual monetary policy report on Wednesday. On Thursday, Powell is scheduled to appear before a Senate panel where he is likely to be asked about signals the Fed has recently identified as evidence for a potential interest-rate cut. Last week, the 10-Year Treasury moved 1bp from 2.03% to 2.02%, and the 30-Year Treasury moved roughly 3bp's from 2.550% to 2.516%. Moreover, the 10-Year MMD moved 1bp from 1.63% to 1.62%, and the 30-year MMD moved 2bp's from 2.31% to 2.29%. Munis saw more secondary action last week, as the lack of new issue pressured portfolio managers to look elsewhere for bonds, as inflows continue into municipal mutual funds.

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

	7/5/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.50	5.50	5.50	5.00
Federal Funds (weekly average)	2.38	2.36	2.37	1.90
90 Day T-Bills	2.17	2.13	2.26	1.91
30-Day Commercial Paper (taxable)	2.36	2.28	2.38	1.96
Libor (30-day)	2.39	2.40	2.41	2.09
7 Day Tax-Exempt VRDB	1.49	1.90	1.40	1.19
Daily Rate Average	1.30	1.95	1.50	0.98

## COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	1.91	2.21	1 Year	1.21	2.61	2.31	1.81	1.36	1.21
5 Year	1.83	2.58	5 Year	1.28	2.78	2.53	2.08	1.68	1.43
7 Year	1.92	2.87	7 Year	1.39	3.09	2.79	2.34	1.94	1.59
10 Year	2.03	3.53	10 Year	1.60	3.40	3.10	2.60	2.30	1.80
30 Year	2.54	4.04	30 Year	2.27	4.07	3.77	3.27	2.97	2.47

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	3.49	3.50	-.01	4.24	3.48
11 Bond Index	3.03	3.04	-.01	3.71	3.02
Revenue Bond Index	3.97	3.99	-.02	4.71	3.97
30 Year MMD	2.27	2.31	-.04	3.11	2.27
Weekly Tax-Exempt Volume (Bil)	4.68	4.39	+.29	6.41	0.20
30 Day T/E Visible Supply (Bil)	5.65	0.93	+4.72	6.97	.93
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	116.92	118.97	-2.05	134.42%	109.21%

## 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)		
07/05/19	1.49	5.50	2.38	2.17	2.36	2.39	2.97	-	2.47
06/28/19	1.90	5.50	2.36	2.13	2.28	2.40	3.01	-	2.51
06/21/19	1.90	5.50	2.36	2.11	2.34	2.38	3.02	-	2.52
06/14/19	1.71	5.50	2.36	2.18	2.38	2.40	3.05	-	2.55
06/07/19	1.40	5.50	2.37	2.26	2.38	2.41	3.03	-	2.53
05/31/19	1.42	5.50	2.37	2.34	2.42	2.43	3.06	-	2.56
05/24/19	1.32	5.50	2.37	2.33	2.40	2.43	3.12	-	2.62
05/17/19	1.35	5.50	2.37	2.38	2.42	2.43	3.08	-	2.58
05/10/19	1.59	5.50	2.39	2.42	2.43	2.45	3.13	-	2.63
05/03/19	2.12	5.50	2.42	2.41	2.42	2.48	3.23	-	2.73
04/26/19	2.30	5.50	2.41	2.41	2.41	2.48	3.29	-	2.79
04/19/19	2.04	5.50	2.43	2.47	2.43	2.48	3.40	-	2.90
04/05/19	1.48	5.50	2.40	2.42	2.47	2.47	3.40	-	2.90
03/01/19	1.74	5.50	2.40	2.43	2.43	2.49	3.88	-	3.43
02/01/19	1.43	5.50	2.40	2.39	2.40	2.51	4.02	-	3.47
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

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