

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

### FEATURED ARTICLE

## ENTREPRENEURS AND SENIOR LIVING PROVIDERS ADVANCING THE FIELD TOGETHER

For the second year in a row, more than 200 professionals gathered last week for the Ziegler Link.Age Fund Symposium. Attendees represented Limited Partners of the Funds, which is largely comprised of senior living organizations, along with the two companies that the Ziegler Link.Age Funds have invested in since the closing of the first Fund in 2014. It was a true convergence of the desire to network with and learn from thought leaders in the longevity market and to advance solutions and innovative models within the senior living and services space.

Rather than focusing on a reiteration of the symposium sessions of the calendar of events, we thought it more important to share the observations and key messages from the day. If we truly want to be leaders in the senior living and services space and want to take advantage of the brilliant minds of many of the technology entrepreneurs, we need to march forward together. We encourage you to absorb the key points below and consider how these messages can inspire and help your own organization.

- **Importance of Chief Technology and Strategy Officers:** All agreed that there are an increasing number of companies and solutions being offered in the longevity market, whether to providers, employees or consumers. If there is not someone to own this space, organizations will fall behind. Additionally, organizations who have these strategic roles are better positioned to be successful with their partners who are bringing innovations and solutions to the table.
- **Convergence Between Companies:** We are seeing more companies partner together, or work across platforms, to bring forth robust solutions to providers. For example, one company may end up being a plug-in solution for a larger platform or two companies might find that they are complementary in their overall solution. It is important for senior living organizations to find companies who embrace opportunities to work with other vendors or existing partners you may have.
- **Technologies Breaking Down Barriers:** We have long struggled with communication between the residents and community leadership or between the caregiving team and family members. Additionally, seniors living in rural markets deal with access to care issues and increased isolation. There are technologies, whether resident engagement tools or telehealth solutions, that can mitigate communication barriers and silos. If you are still living in the dark ages in this regard, you need to take time to catch up on the wide variety of solutions available to you. These platforms are enhancing care coordination, improving family and resident satisfaction, and allowing for the procurement of services that would not otherwise be available.
- **Measurement & Outcomes are Key:** If you cannot prove that you are a great provider or cannot affirm that a technology is delivering on what was promised, you are going to fall behind. As organizations, we need to get smart with data mining and having a disciplined approach to being metric-driven organizations. Whether you are developing a post-acute network or piloting a new technology solution, organizations need to have this mindset.
- **Elevating Female Leadership:** During a panel entitled, “Women Leading in the Longevity Market,” it was revealed that while 85% of the direct-care staff in aging services is female, there are significantly fewer women in C-Suite roles or on boards. Even more dramatic is the reality that less than 2% of venture capital funds go to female entrepreneurs. Age, gender and racial diversity, among others, can only serve to enrich our organizations.
- **Turn Things Upside Down and Think Differently:** We must push the mental envelope and not be afraid to think differently. This came up across multiple conversations, whether related to our workforce or giving equal attention to social and clinical determinants of health. As an industry, we cannot be afraid to try things and in-turn, cannot be afraid of failure. We learn from our mistakes. We also heard a number of times that the pace of decision-making and change can be glacial in senior living, which the disconnect, at times, lies between the entrepreneurs and the providers. How can we be more risk tolerant without straying too far from our historical, conservative roots?
- **We Are All in This Together:** If there is one thing that technology and innovative service companies dislike it is the term “vendor.” To be successful, it must be a true partnership. They need to be open to feedback and adjusting services and solutions to your needs, and in-turn, senior living providers need to be open to hearing the expertise that they bring to the table. The best partnerships are when both parties grow in tandem.

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## ENTREPRENEURS AND SENIOR LIVING PROVIDERS ADVANCING THE FIELD TOGETHER (CONT.)

The same day of the Symposium, Senior Housing News released an article entitled, *“Confessions of a Tech Entrepreneur: Old-School Senior Living Operators Just Don’t ‘Get’ Innovation.”* It is a worthwhile read, albeit painful (but truthful) in certain areas. How can we rewrite these headlines? Are we ready to lead the way or are we content being in a comfort zone or catch-up mode? We applaud the Limited Partners who are committed to enhancing the innovative stance of their organizations and to the companies who are showing us how a seed of an idea can blossom into meaningful solutions.

The logos below represent the family of Portfolio Companies associated with the Ziegler Link.Age Funds.



For more information or questions related to this article, please contact the Ziegler banker in your region.

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

AS OF JULY 29, 2019

| ORGANIZATION               | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION  | DATE    |
|----------------------------|---------------|-----------------|-----------------|---------|
| Legacy at Willow Bend (TX) | Fitch         | BBB- Stable     | Affirmed Rating | 7/23/19 |

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### INTEREST RATES/YIELDS

(AS OF JULY 26, 2019)

|                           | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|-----------|-----------|
| 30-Yr MMD                 | 2.25%   | 2.27%     | 2.83%     |
| Senior Living 30-Yr "A"   | 2.95%   | 2.97%     | 3.70%     |
| Senior Living 30-Yr "BBB" | 3.15%   | 3.17%     | 3.98%     |
| Senior Living Unrated     | 4.05%   | 4.07%     | 4.78%     |
| Senior Living New Campus  | 6.50%   | 6.50%     | 6.50%     |
| SIFMA Muni Swap Index     | 1.40%   | 1.27%     | 1.58%     |

  

|               | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
|---------------|---------|----------------|---------------|
| *ZSLMLB Index | 4.42%   | 4.42%          | 2.16%         |

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

### FEATURED FINANCINGS



**HUMANGOOD - CALIFORNIA OBLIGATED GROUP**  
 Pleasanton, California

California Municipal Finance Authority, Revenue and Refunding Bonds, Series 2019A

**\$141,705,000**

HumanGood - California Obligated Group, Taxable Bonds, Series 2019B

**\$25,610,000**

## MARKET REVIEW

## MONEY MARKET RATES

|                                   | 7/26/19 | 1 WEEK AGO | 1 MONTH AGO | 1 YEAR AGO |
|-----------------------------------|---------|------------|-------------|------------|
| Prime Rate                        | 5.50    | 5.50       | 5.50        | 5.00       |
| Federal Funds (weekly average)    | 2.40    | 2.38       | 2.36        | 1.90       |
| 90 Day T-Bills                    | 2.10    | 2.24       | 2.13        | 1.99       |
| 30-Day Commercial Paper (taxable) | 2.22    | 2.28       | 2.28        | 1.92       |
| Libor (30-day)                    | 2.27    | 2.27       | 2.40        | 2.07       |
| 7 Day Tax-Exempt VRDB             | 1.40    | 1.27       | 1.90        | 0.94       |
| Daily Rate Average                | 1.45    | 1.26       | 1.95        | 1.00       |

## COMPARATIVE YIELDS

## TAXABLE REVENUE

|         | GOVT | A    |         | MMD  | NR*  | BB   | BBB  | A    | AAA  |
|---------|------|------|---------|------|------|------|------|------|------|
| 1 Year  | 1.99 | 2.29 | 1 Year  | 1.09 | 2.49 | 2.19 | 1.59 | 1.24 | 1.09 |
| 5 Year  | 1.85 | 2.60 | 5 Year  | 1.14 | 2.64 | 2.39 | 1.84 | 1.54 | 1.24 |
| 7 Year  | 1.95 | 2.90 | 7 Year  | 1.31 | 3.01 | 2.71 | 2.16 | 1.86 | 1.46 |
| 10 Year | 2.08 | 3.58 | 10 Year | 1.54 | 3.34 | 3.04 | 2.44 | 2.24 | 1.69 |
| 30 Year | 2.60 | 4.10 | 30 Year | 2.25 | 4.05 | 3.75 | 3.15 | 2.95 | 2.40 |

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

|  | THIS WEEK | LAST WEEK | CHANGE | 2019 HIGH | LOW     |
|--|-----------|-----------|--------|-----------|---------|
| Bond Buyer   |           |           |        |           |         |
| 20 Bond Index  | 3.43      | 3.45      | -.02   | 4.24      | 3.43    |
| 11 Bond Index  | 2.97      | 2.99      | -.02   | 3.71      | 2.97    |
| Revenue Bond Index                                       | 3.91      | 3.93      | -.02   | 4.71      | 3.91    |
| 30 Year MMD  | 2.25      | 2.27      | -.02   | 3.11      | 2.25    |
| Weekly Tax-Exempt Volume (Bil)                           | 5.08      | 5.01      | +.07   | 6.41      | 0.20    |
| 30 Day T/E Visible Supply (Bil)                          | 5.81      | 6.02      | -.21   | 6.97      | .93     |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 113.84    | 115.56    | -1.72  | 134.42%   | 109.21% |

## INTEREST RATE COMPARISON

| DATE     | 7-DAY T/E<br>VRDB | PRIME<br>RATE | FED FUNDS<br>WEEKLY AVG. | 13-WEEK<br>T-BILL RATE | C.P.RATE<br>TAXABLE | LIBOR<br>(30-DAY) | 30-YEAR<br>T/E BONDS (A-AAA) |   |      |
|----------|-------------------|---------------|--------------------------|------------------------|---------------------|-------------------|------------------------------|---|------|
| 07/26/19 | 1.40              | 5.50          | 2.38                     | 2.08                   | 2.25                | 2.27              | 2.95                         | - | 2.40 |
| 07/19/19 | 1.27              | 5.50          | 2.38                     | 2.04                   | 2.28                | 2.27              | 2.97                         | - | 2.42 |
| 07/12/09 | 1.18              | 5.50          | 2.38                     | 2.13                   | 2.23                | 2.32              | 2.98                         | - | 2.43 |
| 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 |
| 04/05/19 | 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 |

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