

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER SENIOR LIVING FINANCE + STRATEGY CONFERENCE: HIGHLIGHTS (PART I)

We are very excited to share highlights of the **22nd Annual Ziegler Senior Living Finance + Strategy Conference** coming up September 25th-27th at The Omni Amelia Island Plantation Resort, Florida. Ziegler staff will be joined by more than 675 attendees ranging from the country's leading senior living executives, business firms, banks, and investors. We appreciate the commitment of more than 70 guest speakers (outside of Ziegler staff) who will share their expertise and best practices across the three-day event.

Beginning on Wednesday, attendees will supplement their planned morning activities with afternoon pre-conference sessions. In a session developed specifically for the more than 80 Board Members registered for the conference, a panel of CEOs and Board Chairs will participate in a session entitled ***Evolving Board Models and Practices for Changing Times***. This session will share the latest trends in not-for-profit senior living governance and will highlight a case study of Covenant Living Communities & Services as shared by CEO, Terri Cunliffe and Board Chair, Mark Eastburg. At the same time, Dan Lavendar and Mary Morton from Moorings Park and Joe Hassell from Perkins Eastman will be presenting in ***The Growing Popularity of Satellite Campuses***. The rationale, planning steps and execution of satellite campus developments will be highlighted in case study format along with a review of national trends for this new location alternative.

Those interested in a primer on senior living finance and alternative financing approaches should attend ***Senior Living Finance 101***, presented by Ziegler's own Adam Garcia and Scott Determan. For attendees interested in better understanding the outlook for their investment portfolios and guidance on fund management, the team of Kevin Carlson, Matt O'Neil and Craig Vanucci from Ziegler Capital Management, will present in the ***Investment Update*** session.

After Ziegler's Dan Hermann and Don Carlson welcome attendees, Dan Hermann, Rich Scanlon, Keith Robertson, Kevin Strom and Lisa McCracken will officially open the conference on Thursday morning with the ***State of Senior Living and the Senior Living Capital Markets 2019***. The opening session will lay the foundation for the conference, touching on the key themes impacting senior living providers today, as well as the healthy state of the senior living capital markets. All in attendance will be provided with data-driven insights and commentary into the current senior living sector and will be inspired to move forward with advancing the work of their respective organizations. The opening session will be followed by a series of robust break-out general sessions, including the following:

- **System Trends: Investigating the Dynamics of Proactive System Providers.** Anthony Argondizza (Springpoint), John Dattilo (BHI Senior Living) and Jerry Grant (Acts Retirement-Life Communities) will join Ziegler's Dan Hermann and Amy Castleberry in this popular annual conference session. These three esteemed industry providers will share their insights into topics such as the impact of healthcare reform, system growth, partnerships, and senior living strengths and challenges.
- **New Campus Development and Significant Expansions.** Presenters will talk about recent new campus and expansion growth, sharing general project overview materials, keys to success, unique opportunities, and lessons learned. Mark Andrews (Greystone) will give attendees an industry overview on campus growth and trends in development while Jon Fletcher (Presbyterian Homes & Services; Senior Housing Partners) will share about how their organization plans for new location growth and will highlight their robust pipeline of projects.
- **The Home and Community-Based Services Landscape.** To bring forth important topics for providers who offer, or are considering offering, services to the greater community, two provider organizations will share how their service platforms have been brought to older adults in the greater community and an association executive will give a national perspective on the growth of the PACE platform. Mark Anderson (Knut Nelson) will share their organization's commitment to HCBS and how their platform has successfully grown over the years. Similarly, Stephen Fleming (The Well-Spring Group) will discuss their organization's approach to growth beyond their Life Plan Community. Additionally, Mr. Fleming, as LeadingAge Board Chair, will speak for LeadingAge and discuss the future direction of LeadingAge's commitment to home-and-community-based service lines. Lastly, Shawn Bloom (National PACE Association), will cover changes in the past year for PACE requirements and provide insightful trends into the future direction of PACE at a national level.

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- **Successful Models Geared Toward the Middle-Income & Affordable Market.** We know that there is much focus on preparing for the next generation of seniors with specific attention being paid to the income brackets of a number of Boomers. Robert Kramer (National Investment Centers for Seniors Housing & Care) will kick off the session with a discussion on the definition of “middle market;” and share information from in-depth research conducted by NIC and related partners. Two providers, Steve Jeffrey (Garden Spot Communities) and Allen Squires (Givens Communities) will share how their organizations creatively developed communities that broaden the income spectrum of those being served within their communities.
- **Institutional Investor Panel:** The fixed-rate bond market has been a standard finance vehicle for many years and 2019 is no exception. This annual session will consist of a panel of institutional investors including Matt Hilliard (Thrivent Financial), Brian Pyhel (BlackRock), Timothy Pynchon (Green Square Capital Advisors). This session is intended to be interactive, so attendees are encouraged to come prepared with questions!

These are just a snapshot of the start of the conference. Stay tuned for next week’s issue of Z-News for more detailed information on additional sessions such as system sophistication, sponsorship transition activity, single-site providers in the spotlight, and the for-profit marketplace, to name more than a few.

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CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF SEPTEMBER 16, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Bishop Gadsden (SC)	Fitch	BBB- Stable	Downgraded IDR Assigned Rating	9/10/19
Philadelphia Presbytery Homes (PA)	Fitch	BBB Negative	Affirmed Rating	9/12/19

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INTEREST RATES/YIELDS


(AS OF SEPTEMBER 13, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.03%	1.90%	2.69%
Senior Living 30-Yr "A"	3.03%	2.60%	3.54%
Senior Living 30-Yr "BBB"	3.23%	2.80%	3.83%
Senior Living Unrated	4.13%	3.70%	4.65%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.31%	1.28%	1.56%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.30%	4.27%	2.25%

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

FEATURED FINANCINGS



HERITAGE COMMUNITY OF KALAMAZOO
Kalamazoo, Michigan

The Economic Development Corporation of the City of Kalamazoo,
Limited Obligation Revenue and Revenue Refunding Bonds, Series 2019

\$18,885,000

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

Last week in equities, U.S. stocks extended their positive run that persisted the last two weeks. The major U.S. stock indexes climbed around 1%, extending their string of weekly gains to three, and the S&P 500 moved within a percentage point of its record set in late July. Yesterday, the Dow saw its first day in the red in eight trading days as money fled to safer haven assets, causing Treasuries to see a modest gain.

Over the weekend, an attack on Saudi Arabia's oil production facilities sent oil prices surging on Monday. Oil prices dropped more than 6% on Tuesday's open as Saudi Arabia is expecting to restore 70% of the oil production lost in the attacks. August's employment report showed private payroll gains of 96,000, a more modest gain than expected. U.S. Federal Reserve Board concludes two-day policy meeting on Wednesday, where it is expected to cut interest rates for the second time in two months.

In fixed income, the recent rally in treasuries reversed slightly late last week, as yield rose in response to news that the U.S. and China planned to resume trade talks. The 10-Year U.S. Treasury yield jumped from 1.65% on Monday of last week to 1.90% on Friday. That big move means the yield curve is no longer inverted, as the 2-year Treasury's yield is once again lower than that of the 10-year yield. In Munis, yields matched treasury movements. The 10-Year and 30-Year MMD each backed up 24bp's and 23bp's from 1.28% to 1.52% and 1.90% to 2.13%, respectively. The tax-exempt bond funds saw an inflow of approximately \$879 million.

ADAM BUCHANAN

SENIOR VICE PRESIDENT

*See pages 5-6 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

	9/13/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.25	5.25	5.25	5.00
Federal Funds (weekly average)	2.10	2.11	2.11	1.91
90 Day T-Bills	1.94	1.95	1.87	2.10
30-Day Commercial Paper (taxable)	2.05	2.03	2.07	2.06
Libor (30-day)	2.03	2.04	2.18	2.16
7 Day Tax-Exempt VRDB	1.31	1.28	1.35	1.49
Daily Rate Average	1.35	1.26	1.31	1.50

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	1.86	2.46	1 Year	1.17	2.87	2.57	1.97	1.62	1.47
5 Year	1.75	2.80	5 Year	1.19	2.99	2.74	2.19	1.89	1.59
7 Year	1.83	3.08	7 Year	1.26	3.26	2.96	2.31	2.11	1.71
10 Year	1.89	3.69	10 Year	1.42	3.52	3.22	2.62	2.42	1.87
30 Year	2.37	4.17	30 Year	2.03	4.13	3.83	3.23	3.03	2.48

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	2.85	2.97	-.12	4.24	2.85
11 Bond Index	2.39	2.51	-.12	3.71	2.39
Revenue Bond Index	3.33	3.45	-.12	4.71	3.33
30 Year MMD	2.03	1.90	+.13	3.11	1.84
Weekly Tax-Exempt Volume (Bil)	7.68	5.34	+2.34	9.36	0.20
30 Day T/E Visible Supply (Bil)	10.52	8.74	+1.78	11.23	.93
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	127.84	128.71	-.87	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)		
09/13/19	1.31	5.25	2.10	1.94	2.05	2.03	3.03	-	2.48
09/06/19	1.28	5.25	2.11	1.95	2.03	2.04	2.60	-	2.05
08/30/19	1.35	5.25	2.11	1.98	2.02	2.10	2.54	-	1.99
08/23/19	1.36	5.25	2.10	1.94	2.02	2.14	2.61	-	2.06
08/16/19	1.35	5.25	2.11	1.87	2.07	2.18	2.57	-	2.02
08/09/19	1.32	5.25	2.10	1.99	2.11	2.20	2.71	-	2.16
08/02/19	1.40	5.25	2.28	2.05	2.18	2.24	2.89	-	2.34
07/26/19	1.40	5.50	2.40	2.10	2.22	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
06/07/19	1.40	5.50	2.37	2.26	2.38	2.41	3.03	-	2.53
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

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