

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

## ZIEGLER'S RECOMMENDED READING LIST: FOURTH QUARTER 2019

Each quarter Ziegler provides a list of white papers, reports and recently released articles that providers can add to their recommended reading list. These publications are often worthwhile to pass along to board members and the leadership team to stay on top of industry trends and innovations. This fourth quarter listing includes topics on workforce, skilled nursing data trends, consumer preferences, and innovative partnerships to name more than a few. As always, if you have suggestions for future reading lists, please do not hesitate to pass your thoughts on to us.

1. **[Recruiting Strategies: Is Anyone NOT Having a Recruitment Crisis?](#)** We all wish there was a magic bullet we could deploy to find the right people. There are many resources on the topic with countless suggestions. You'll find several of the most applicable ones highlighted in this article.
2. **[A Retirement Community That Comes to You:](#)** Typically, a C.C.R.C. operates a complex or campus where residents shift from independent living to assisted living, to a memory-care unit or a nursing home if their health and mobility decline. But in continuing care at-home programs, members essentially spend the independent living years in their own houses.
3. **[34th SNF Cost Comparison and Industry Trends Report:](#)** This year's SNF Cost Comparison and Industry Trends Report, prepared by CliftonLarsonAllen, examines the current industry landscape to help your facility gauge its economic health.
4. **[It's time to retire the CCRC and Life Plan Community designations:](#)** Does the designation "continuing care retirement community" or "life plan community" resonate with today's seniors — or more importantly — tomorrow's seniors? Does it truly represent the vibrant communities we offer?
5. **[Headlines Increasingly Reflect Innovations and Partnerships Likely to Impact Seniors Housing:](#)** Many business relationships are being formalized, largely in response to the new challenges and opportunities presented by an evolving healthcare system, shifting demographics, advancing technologies, and the overarching need to improve outcomes at lower cost. A review of the past few months' headlines reveals new deals and partnerships, big and small, all of which may potentially impact the sector.
6. **[Care for America's Elderly and Disabled People Relies on Immigrant Labor:](#)** Using nationally representative data, we found that in 2017 immigrants accounted for 18.2% of health care workers and 23.5% of formal and non-formal, long-term care sector workers. More than one-quarter (27.5%) of direct care workers and 30.3% of nursing home housekeeping and maintenance workers were immigrants.
7. **[6 Tech Takeaways from the Annual Meeting:](#)** "Over the past couple years, we've seen an explosion of technology: simplified user interfaces, stimulating and appealing content, and tools designed to increase social connections, entertain, and help older adults engage with staff and caregivers," Majd Alwan, Ph.D., CAST executive director and LeadingAge senior vice president for technology, said at the meeting.
8. **[How does employee engagement impact turnover?](#)** Beginning in September 2016, Holleran partnered with Life Care Services to collect data on employee engagement and turnover within 63 senior living communities nationwide. More than 750 respondents participated in the study, providing their personal insight and career data for research. This white paper contains critical and actionable findings that you can apply to your organization, starting now.
9. **[Inside the New Medicare Advantage Push from 10 Senior Living Providers:](#)** As more senior housing and care providers get in the Medicare Advantage (MA) game, it is becoming increasingly clear that they are playing a team sport.

If you have any questions about the content of this issue of *Z-News* or other related items, we encourage you to please contact the Ziegler banker in your region.

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

AS OF DECEMBER 2, 2019

| ORGANIZATION                     | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION                     | DATE     |
|----------------------------------|---------------|-----------------|------------------------------------|----------|
| Sunnyside Presbyterian Home (VA) | Fitch         | BBB+ Stable     | Assigned Rating<br>Affirmed Rating | 11/26/19 |
| Fellowship Senior Living (NJ)    | Fitch         | BBB+ Negative   | Assigned Rating                    | 11/27/19 |

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Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.*

**INTEREST RATES/YIELDS**

(AS OF NOVEMBER 29, 2019)

|                           | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|-----------|-----------|
| 30-Yr MMD                 | 2.06%   | 2.09%     | 2.43%     |
| Senior Living 30-Yr "A"   | 2.96%   | 3.09%     | 3.31%     |
| Senior Living 30-Yr "BBB" | 3.26%   | 3.29%     | 3.59%     |
| Senior Living Unrated     | 4.26%   | 4.19%     | 4.44%     |
| Senior Living New Campus  | 6.00%   | 6.00%     | 6.38%     |
| SIFMA Muni Swap Index     | 1.10%   | 1.07%     | 1.49%     |

  

|              | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
|--------------|---------|----------------|---------------|
| ZSLMLB Index | 4.34%   | 4.34%          | 2.27%         |

*\*Ziegler Senior Living Municipal Long Bond Index  
Source: Bloomberg BVALS*

**FEATURED FINANCINGS**

|   |   |  |   |
|---|---|--|---|
|  <p><b>FRIENDSHIP VILLAGE OF TEMPE</b><br/>Tempe, Arizona</p> <p>The Industrial Development Authority of the City of Tempe, Arizona, Revenue Bonds, Series 2019</p> <p><b>\$33,460,000</b></p> |  <p><b>SUN HEALTH SERVICES</b><br/>Surprise, Arizona</p> <p>The Industrial Development Authority of the City of Glendale, Arizona, Senior Living Revenue Bonds, Series 2019</p> <p><b>\$94,345,000</b></p> |  <p><b>CANTERBURY COURT</b><br/>Atlanta, Georgia</p> <p>Residential Care Facilities For The Elderly Authority of Fulton County, Revenue Bonds, Series 2019A</p> <p><b>\$51,240,000</b></p> |  <p><b>ROCKWOOD RETIREMENT COMMUNITIES</b><br/>Spokane, Washington</p> <p>Washington State Housing Finance Commission, Nonprofit Housing Revenue Bonds, Series 2019</p> <p><b>\$39,070,000</b></p> |
|---|---|--|---|

## MARKET REVIEW

**MONEY MARKET RATES**

|                                   | 11/29/19 | 1 WEEK AGO | 1 MONTH AGO | 1 YEAR AGO |
|-----------------------------------|----------|------------|-------------|------------|
| Prime Rate                        | 4.75     | 4.75       | 4.75        | 5.25       |
| Federal Funds (weekly average)    | 1.55     | 1.55       | 1.70        | 2.18       |
| 90 Day T-Bills                    | 1.59     | 1.58       | 1.52        | 2.35       |
| 30-Day Commercial Paper (taxable) | 1.58     | 1.58       | 1.66        | 2.27       |
| Libor (30-day)                    | 1.70     | 1.70       | 1.78        | 2.34       |
| 7 Day Tax-Exempt VRDB             | 1.10     | 1.07       | 1.12        | 1.69       |
| Daily Rate Average                | 1.13     | 1.06       | 1.20        | 1.72       |

**COMPARATIVE YIELDS**
**TAXABLE REVENUE**

|         | GOVT | A    |         | MMD  | NR*  | BB   | BBB  | A    | AAA  |
|---------|------|------|---------|------|------|------|------|------|------|
| 1 Year  | 1.58 | 2.18 | 1 Year  | 1.07 | 2.77 | 2.47 | 1.87 | 1.52 | 1.37 |
| 5 Year  | 1.62 | 2.67 | 5 Year  | 1.15 | 2.95 | 2.70 | 2.15 | 1.85 | 1.55 |
| 7 Year  | 1.71 | 2.97 | 7 Year  | 1.26 | 3.26 | 2.96 | 2.31 | 2.11 | 1.71 |
| 10 Year | 1.76 | 3.57 | 10 Year | 1.47 | 3.57 | 3.27 | 2.67 | 2.37 | 1.92 |
| 30 Year | 2.19 | 4.00 | 30 Year | 2.06 | 4.26 | 3.86 | 3.26 | 2.96 | 2.51 |

(\* Representative of institutional sales)

**TAX-EXEMPT MARKET INDICATORS**

|  | THIS WEEK | LAST WEEK | CHANGE | 2019<br>HIGH | LOW     |
|--|-----------|-----------|--------|--------------|---------|
| Bond Buyer   |           |           |        |              |         |
| 20 Bond Index  | 2.77      | 2.79      | -.02   | 4.24         | 2.59    |
| 11 Bond Index  | 2.30      | 2.33      | -.03   | 3.71         | 2.13    |
| Revenue Bond Index                                       | 3.24      | 3.27      | -.03   | 4.71         | 3.07    |
| 30 Year MMD  | 2.06      | 2.09      | -.03   | 3.20         | 1.84    |
| Weekly Tax-Exempt Volume (Bil)                           | 14.75     | 10.22     | +4.53  | 14.75        | 0.20    |
| 30 Day T/E Visible Supply (Bil)                          | 19.40     | 6.57      | +12.83 | 19.40        | .93     |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 135.15    | 139.18    | -4.03  | 145.27%      | 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) |   |      |
|----------|-------------------|---------------|--------------------------|------------------------|---------------------|-------------------|------------------------------|---|------|
| 11/29/19 | 1.10              | 4.75          | 1.55                     | 1.59                   | 1.58                | 1.70              | 2.96                         | - | 2.51 |
| 11/22/19 | 1.07              | 4.75          | 1.55                     | 1.58                   | 1.58                | 1.70              | 3.09                         | - | 2.54 |
| 11/15/19 | 1.12              | 4.75          | 1.54                     | 1.56                   | 1.63                | 1.76              | 3.15                         | - | 2.60 |
| 11/08/19 | 1.09              | 4.75          | 1.54                     | 1.55                   | 1.61                | 1.75              | 3.20                         | - | 2.65 |
| 11/01/19 | 1.12              | 4.75          | 1.70                     | 1.52                   | 1.66                | 1.78              | 3.06                         | - | 2.51 |
| 10/25/19 | 1.19              | 5.00          | 1.83                     | 1.66                   | 1.83                | 1.80              | 3.10                         | - | 2.55 |
| 10/18/19 | 1.29              | 5.00          | 1.85                     | 1.66                   | 1.87                | 1.84              | 3.05                         | - | 2.50 |
| 10/11/19 | 1.40              | 5.00          | 1.80                     | 1.66                   | 1.90                | 1.92              | 2.92                         | - | 2.37 |
| 10/04/19 | 1.49              | 5.00          | 1.85                     | 1.71                   | 1.90                | 1.99              | 2.92                         | - | 2.37 |
| 09/27/19 | 1.58              | 5.00          | 1.83                     | 1.77                   | 1.92                | 2.03              | 3.01                         | - | 2.46 |
| 09/20/19 | 1.47              | 5.00          | 2.08                     | 1.90                   | 2.06                | 2.04              | 3.08                         | - | 2.53 |
| 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 |
| 08/02/19 | 1.40              | 5.25          | 2.28                     | 2.05                   | 2.18                | 2.24              | 2.89                         | - | 2.34 |
| 07/05/19 | 1.49              | 5.50          | 2.38                     | 2.17                   | 2.36                | 2.39              | 2.97                         | - | 2.47 |
| 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 |

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