

ROSE VILLA

JUNE 2020

CLIENT PROFILE

Rose Villa is a continuing care retirement community providing independent living and 24-hour nursing care services to approximately 336 residents southeast of Portland, Oregon in unincorporated Clackamas County. In 2014, Rose Villa began the first of its three-phased transformational campus redevelopment plan. Phase 1 was completed in 2016 and added 75 new homes in a mix of apartments and walkable pocket neighborhoods, significant infrastructure improvements, plus a unique “Main Street” village center with restaurants, garden store, rooftop deck, performing arts center, pool, wellness center and more. The second phase, financed in 2017 and completed in 2019, added 42 new independent living homes, including additional pocket neighborhoods and “net zero” homes (zero net energy usage).

In 2014, Ziegler served as sole underwriter on the \$60,610,000 Phase 1 bond financing as well as placement agent on the \$27,500,000 Phase 2 bank financing in 2017.

PROJECT

The Project represents the third and final phase of the campus redevelopment and will include:

- A next generation 24-hour supportive living neighborhood, the new Madrona Grove, with 16 licensed Intermediate Care Facility (ICF) rooms and 16 licensed Residential Care Facility (RCF) rooms in a small house model, configured in two neighborhoods totaling four households;
- 35 independent loft homes in the new Schroeder Lofts building, with a clinic, child development center, and resident-oriented services on the ground floor;
- 6 additional net zero Trillium Townhomes on the Southeast corner of the property;
- Underground parking and services;



\$77,845,000

The Hospital Facility Authority of Clackamas County, Oregon
Senior Living Revenue Bonds, Series 2020AB
(Rose Villa Project)

- Third floor office space on top of the new Madrona Grove; and
- A child development center.

After completion of this third phase, the campus-wide redevelopment will have touched all corners of the community.

THE ZIEGLER DIFFERENCE

Ziegler Rose Villa’s Phase 3 financing helped to underscore Ziegler’s hallmark leadership position in the senior living sector with the financing derailed mid-stream by the COVID-19 pandemic. In early March 2020, as the financing team prepared to print an offering document for the new, non-rated financing, the U.S. had just begun grappling with the spread of COVID-19 across the country. As states and local governments began rolling business shutdowns and implementing “stay at home” orders, concerns about the impact of the shutdowns on the U.S. economy caused panic across financial markets, precipitating a complete shutdown of the municipal bond market.

Drawing from experience with prior market crises, Ziegler advised Rose Villa to delay



Welcome to the neighborhood.

REFERENCES

For references on Ziegler’s role in this financing, please contact:

Vassar Byrd
CEO
Rose Villa

503 652 3729
vbyrd@rosevilla.org

This client’s experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at <http://emma.msrb.org/>.

ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

CONTACT US

800 366 8899
askziegler@ziegler.com



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THE ZIEGLER DIFFERENCE (CONTINUED)

the financing temporarily and assess financing alternatives, while remaining poised to re-enter the market quickly if it improved. Throughout April and May, Ziegler worked with Rose Villa management to analyze alternate financing structures while also leveraging its leading market position to engage directly with institutional bond funds through a series of investor webinars. These webinars afforded investors real time access and information from leading senior living providers and Ziegler Research, helping to assuage investor fears and ultimately boost confidence in the credit strength of the sector. Ziegler's consistent communication with the institutional investor community provided unique insight into shifting investor appetite, thereby affording Ziegler the confidence to advise Rose Villa to forge ahead with its Phase 3 financing as originally planned.

On June 17, Rose Villa's successful pricing marked the re-opening of the senior living and care bond market. This transaction was the first successful, publicly offered and unenhanced senior living bond financing since the COVID-19 pandemic began. Following a robust "virtual" marketing campaign, including a management video walk around campus, investor reception was incredibly strong, with 30 institutional funds placing orders totaling nearly \$1 billion. Despite the pandemic and market dislocation, Rose Villa locked in an average yield to maturity of 5.124%, which was considerably lower than early estimates that went into the preliminary offering statement and financial feasibility study. Moreover, Ziegler was able to leverage the strong demand by further reducing yields from the initial pricing wire, and to deliver the aggressive 5-year call feature that was one of the cornerstones of the financing plan.

QUOTES

"Rose Villa's Phase 3 financing was highly anticipated by investors as the capstone to Rose Villa's successful and transformative multi-phased campus redevelopment. In March, Rose Villa was well on its way to capitalize on its successful track record and enter the market before the spread of COVID-19 suddenly slammed the financing window closed. Rose Villa remained undaunted as they launched into a parallel series of contingency planning efforts with Ziegler and its development team, engaged in consistent communication with Ziegler's underwriting desk and implemented procedures and protocols to keep its residents safe from the virus spread. Rose Villa was ultimately rewarded for its efforts with an outpouring of support from the investor community to the tune of nearly \$1 billion in orders from 30 of the top municipal bond funds across the country, easily surpassing economics as presented in the POS while maintaining an aggressive call feature. Special credit goes to Rose Villa, who forged ahead in the face of significant market uncertainty as true trailblazers in the official re-opening of the senior living and care market." – Sarkis Garabedian, Managing Director, Ziegler

"Financial and business partnerships are pretty straightforward when the going is easy. You expect everyone to do what they say, and the end result is predictable. When everything falls apart gives a much truer test of a relationship. What I have always known is that it has never been about "the deal" for our Ziegler West Coast Team. It's about the project – if it isn't good for the project, it isn't a good deal. I have considerable experience with this Ziegler finance team. Their integrity, commitment, and creativity is unparalleled. Our decision was supported by the depth of the entire research and sales teams at Ziegler, offering complete transparency and up to the minute information and analysis so that we felt we made the best decision possible. I also feel great commitment from and to our investors – having all of the Phase 1 investors return for more is a powerful statement." – Vassar Byrd, CEO, Rose Villa