

FEATURED ARTICLE

HIGHLIGHTS OF THE 25TH ANNUAL ZIEGLER SENIOR LIVING FINANCE + STRATEGY

Last week, Ziegler hosted its **25th Annual Ziegler Senior Living Finance + Strategy Conference**. More than 600 attendees had access to the latest best practices, case studies and industry research across 24 conference sessions. The purpose of this week's issue of *Z-News* is to highlight some of the topics and sessions that garnered the greatest interest among conference registrants.

The breakout sessions below were those that garnered the highest attendance across the three days of the conference. Specific observations and information on each of these is also included.

- **A Focus on New Campus Development & Significant Expansions:** More than half of senior living CFOs report that they plan to grow through some type of campus expansion in the next two years and another 2 out of 10 are planning for some type of new campus.¹ It is no surprise that this was one of the most well-attended sessions of the conference. Not-for-profit providers are looking to expand their brand in local and regional markets. Many of the campus expansions involve the addition of independent living units and satellite campuses continue to grow in popularity. New campuses being developed can often be developed in phases, not always, but often with the healthcare component in subsequent phases (if at all).
- **Single-Site Communities in the Spotlight:** There are roughly 560 not-for-profit single-site Life Plan Communities in the U.S. Many of these communities continue to grow in scale and sophistication and are leaders in their respective market. All three panelists have actively reinvested in their communities and have not be afraid to make bold, multi-year, multi-phased plans to modernize their living options and align with changing customer expectations. Ongoing strategic planning, community reinvestment, ensuring a strong brand and culture and solid financial planning were common threads across each organization.
- **Dynamic Sales & Marketing Tactics:** Driving Outcomes: This session spent time talking about how to be nimble and proactive with sales goals, not simply to motivate staff to do their job, but to align organization needs and goals with those

of the sales and marketing team. Additionally, providers need to be open to dynamic pricing models and need to regularly assess contract types to ensure both they are meeting customer expectations and also internal financial goals.

- **Growth Through Revenue Diversification:** This session did not merely focus on some of the traditional service line expansions (e.g. into HCBS), but on innovative ancillary businesses and partnerships. Proactive not-for-profit organizations are exploring ways to think different about revenue streams and how they can create business models that align with additional areas of expertise. The panelists each shared the evolution of various ancillary business lines and in a number of cases, how these were constructed in partnership with others. This view on organizational services lines will be come increasingly relevant in our competitive landscape.
- **Advancing Strategic Technology Solutions:** We would have been surprised if a technology session would not have been one of the more attractive topics at the conference. This panel of technology experts discussed a variety of topics from planning for technology investments to advancements made in the past two years because of the onset of the pandemic in 2020. It is clearly that having a technology roadmap for your organization will put you in a much better position moving forward.

We are grateful for our 55 guest presenters and Ziegler associates who have worked to pull together the excellent content for this year's event. We will continue to feature highlights from the conference in the coming weeks. If you have any specific questions related to our recent conference, please reach out to the Ziegler representative in your region to learn more.

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¹Ziegler CFO HotlineSM, August 2022

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CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF SEPTEMBER 19, 2022

| ORGANIZATION | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION | DATE |
|------------------------------------|---------------|-----------------|---|---------|
| Sun Health Obligated Group (AZ) | Fitch | A- Stable | Affirmed Rating Affirmed IDR* | 9/7/22 |
| Saint John's Communities (WI) | Fitch | BBB- Positive | Affirmed Rating Affirmed IDR* Revised Outlook | 9/9/22 |
| East Ridge Retirement Village (FL) | Fitch | C | Downgraded Rating and IDR* | 9/12/22 |
| Judson (OH) | Fitch | BBB- Stable | Affirmed Rating Affirmed IDR* | 9/12/22 |
| Lifespace Communities (IA) | Fitch | BBB Stable | Affirmed Rating Affirmed IDR* | 9/13/22 |
| Jefferson's Ferry (NY) | Fitch | BBB Stable | Affirmed Rating Affirmed IDR* | 9/19/22 |

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* IDR – Issuer Default Rating (FitchRatings)

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

INTEREST RATES/YIELDS

WEEK ENDING SEPTEMBER 16, 2022

| | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|----------------|---------------|
| 30-Yr MMD | 3.61% | 3.50% | 2.39% |
| Senior Living 30-Yr "A" | 5.01% | 4.80% | 3.45% |
| Senior Living 30-Yr "BBB" | 5.41% | 5.15% | 3.79% |
| Senior Living Unrated | 6.11% | 5.80% | 4.60% |
| Senior Living New Campus | 7.00% | 6.84% | 5.79% |
| SIFMA Muni Swap Index | 1.50% | 0.00% | 0.52% |
| | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
| ZSLMLB Index [†] | 5.39% | 5.34% | 1.77% |

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCINGS


Welcome to the neighborhood.

ROSE VILLA
 Portland, Oregon

 Cinderella Bonds
 New Money / Refunding

\$42,404,000

August, 2022


ESKATON PROPERTIES, INC. OBLIGATED GROUP
 Carmichael, California

 Bank Direct Purchase
 Refunding

\$24,209,000

August, 2022

MARKET REVIEW

MONEY MARKET RATES

| | 9/16 | LAST WEEK |
|-----------------------------------|------|-----------|
| Prime Rate | 5.50 | 5.50 |
| Federal Funds (weekly average) | 2.32 | 2.32 |
| 90 Day T-Bills | 3.13 | 3.02 |
| 30-Day Commercial Paper (taxable) | 2.84 | 2.49 |
| Libor (30-day) | 2.99 | 2.75 |
| SOFR | 2.28 | 2.28 |
| 7 Day Tax-Exempt VRDB | 1.44 | 1.39 |
| Daily Rate Average | 1.22 | 1.00 |

COMPARATIVE YIELDS

| TAXABLE REVENUE | | | | | | | | | |
|-----------------|------|------|---------|------|------|------|------|------|------|
| | GOVT | A | | MMD | NR* | BB | BBB | A | AAA |
| 2 Year | 3.86 | 4.81 | 1 Year | 2.39 | 4.39 | 4.19 | 3.54 | 2.79 | 2.49 |
| 5 Year | 3.66 | 4.91 | 5 Year | 2.53 | 4.58 | 4.43 | 3.73 | 3.03 | 2.73 |
| 7 Year | 3.58 | 5.13 | 7 Year | 2.64 | 4.84 | 4.64 | 3.99 | 3.24 | 2.94 |
| 10 Year | 3.45 | 5.30 | 10 Year | 2.85 | 5.15 | 4.95 | 4.30 | 3.55 | 3.20 |
| 30 Year | 3.46 | 5.86 | 30 Year | 3.61 | 6.16 | 5.86 | 5.31 | 4.71 | 4.21 |

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

| | THIS WEEK | LAST WEEK | CHANGE |
|--|-----------|-----------|--------|
| Bond Buyer | | | |
| 20 Bond Index | 3.81 | 3.73 | +0.08 |
| 11 Bond Index | 3.71 | 3.63 | +0.08 |
| Revenue Bond Index | 4.09 | 4.01 | +0.08 |
| 30 Year MMD | 3.61 | 3.50 | +0.11 |
| Weekly Tax-Exempt Volume (Bil) | 5.11 | 4.53 | +0.58 |
| 30 Day T/E Visible Supply (Bil) | 5.02 | 8.66 | -3.64 |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 136.1 | 131.1 | +5.00 |

Source: Bloomberg