

Senior Living New Issue Rates as of 7/5/17

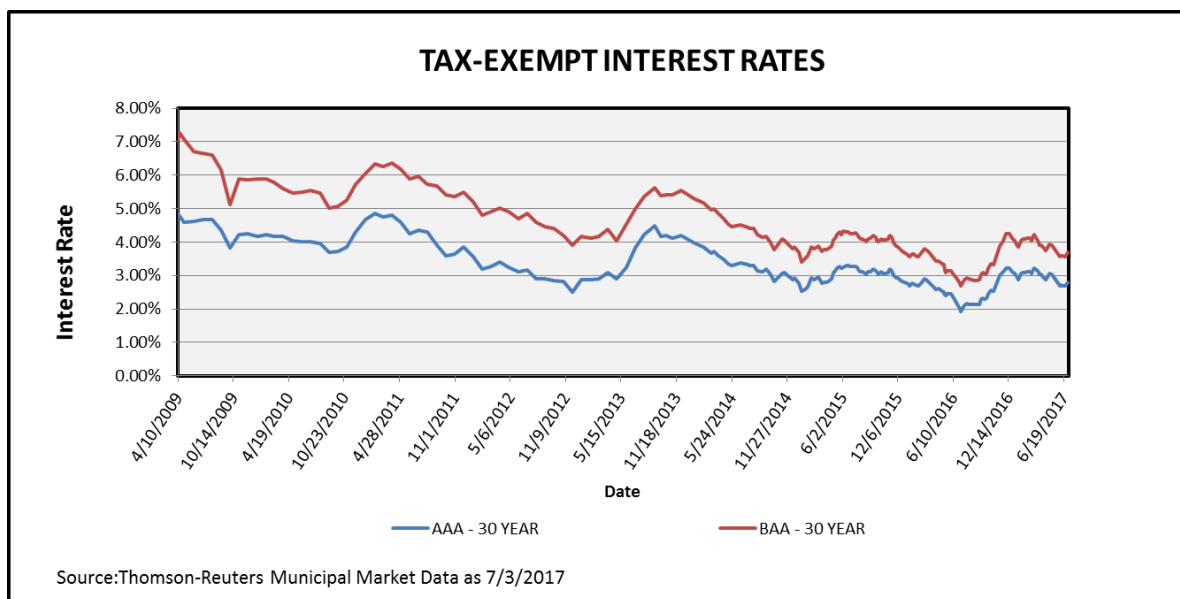
Maturity	Taxable Rates	Tax Free Rates					
	GNMA Taxable	FHA Tax-Exempt	A	BBB	BB	Refinancing & Expansion	Start-Up
5 yr.	NA	1.390%	2.050%	2.400%	2.80%	2.80-3.40%	3.95-4.45%
10 yr.	NA	2.390%	2.900%	3.250%	3.65%	3.80-4.15%	4.45-4.95%
20 yr.	NA	3.140%	3.750%	4.000%	4.65%	4.50-5.00%	5.25-5.75%
30 yr.	3.610%	3.380%	3.900%	4.150%	4.80%	4.70-5.25%	5.90-6.65%

Senior Living new issue rates for borrowers in specialty states are 20-30 basis points lower in yield.

SIFMA Index	LIBOR
0.91%	1.22%

Revenue Bond Index (RBI)	10 Year Treasury	30 Year Treasury
3.75%	2.3230%	2.8500%

	1 Year	3 Year	5 Year	7 Year	10 Year
Weekly SIFMA Swap Rates	1.06%	1.30%	1.49%	1.63%	1.77%
Weekly LIBOR Swap Rates	1.47%	1.78%	2.00%	2.15%	2.32%



Market Commentary

Here in the land of the free and the home of the brave, there are bound to be disagreements among elected officials, and these may result in either inconvenience or aggravation for the citizenry. This year, eleven states missed their deadlines for enacting a budget for Fiscal 2018. Heading into the July 4th holiday, action was stymied by tax, funding and/or health insurance issues, some of which have been resolved at this writing, but not without a splash. Government shutdowns closed state beaches for three days in New Jersey, Maine's governor was required to declare a state of civil emergency, and Illinois, threatened by possible rating agency action that would place its credit below investment grade, suspended sales of MegaMillions tickets. Pennsylvania passed a budget but not a revenue package to pay for it yet. The Massachusetts government is funded under a short-term plan while negotiations among legislators continue, but Connecticut is in a stalemate even over temporary measures and is operating under a budgetary executive order for at least two more weeks. The Rhode Island budget is still in limbo, but legislators nevertheless received an automatic 1.3% pay raise on July 1.

This week, the markets are quiet as many investors stretch out the Independence Day holiday. Traders are monitoring the international response to North Korea's missile launch, the release of the June 14 Federal Open Market Committee meeting minutes, jobs numbers for June and the G-20 summit about to get underway in Hamburg, Germany. The municipal bond calendar is at its low point for the year, with less than \$100 million expected.

Bonds and stocks sold off last week as central bankers met in Portugal and sounded a little too comfortable talking about tapering stimulus, raising rates and coordinating efforts. U.S. 10-year Treasury yields jumped 16 basis points to 2.34% on the week and finished the month of June up 10 basis points. The 30-year finished 12 basis points higher at 2.83% on June 30 but managed to retain 3 basis points of gains on the month. Municipals took a pounding as well during the last three days of the month. The 10-year AAA general obligation benchmark closed at 1.99%, up 13 basis points on the week and 9 basis points in June, and the 30-year benchmark rose 10 basis points to 2.79%, 5 basis points weaker than where it began the month. Those last few days of spikes caused tax-exempts to reverse and post a price loss of about 0.25% in June, and high yield returns were negative for the second time this year.

Amid these conditions, HJ Sims successfully underwrote a \$22.8 million revenue bond financing for The Charter School for Applied Technologies; the BBB-minus rated final maturity in 2035 was structured with a 4.25% coupon to yield 4.375% and sold through the Buffalo and Erie County Industrial Land Development Corporation. In other charter school financings during the last trading week of June, the Arkansas Development Finance Authority issued \$25.2 million of charter school lease revenue bonds with a 30-year maturity priced at 4.20% to yield 3.40%, and the Colorado Educational and Cultural Facilities Authority was in the market with a \$11.9 million non-rated 5.25% five-year deal for Apex Community School. In the senior housing sector, Florida's Capital Trust Agency sold \$26 million of non-rated revenue bonds for the Tapestry Walden senior housing facility in Tallahassee with 2052 term bonds priced at par to yield 7.00%, and the County of Hamilton, Ohio issued \$17.4 million of BBB-minus rated healthcare revenue bonds for Life Enriching Communities that came with a similar maturity priced at 5.00% to yield 4.37%. The Allentown Neighborhood Improvement Zone Development Authority sold \$210.6 million of Ba1 rated tax revenue refunding bonds for City Center in Pennsylvania structured with 2042 term bonds priced at 5.00% to yield 4.75%. The Development Authority of the City of Marietta, Georgia issued \$99.4 million of Ba3 rated revenue and refunding bonds for Life University that came with 30-year maturity priced with a coupon of 5.00% to yield 4.80%. And Bethel University borrowed \$44.5 million through the Minnesota Higher Education Facilities Authority in another new money and refunding transaction featuring 30-year term bonds priced with a coupon of 5.00% to yield 3.87%.

Is Your Organization Poised for Growth? Recent Survey Results

Growth is a familiar topic of conversation heard around boardroom tables, at conference sessions, and from business pundits. Sims recently surveyed LeadingAge LifePlan Community members to uncover the motivation behind member organizations’ own growth initiatives and to reveal the potential barriers impeding growth. Full survey results will be available in the coming weeks and available to those interested in receiving a copy, but a sample is highlighted herein.

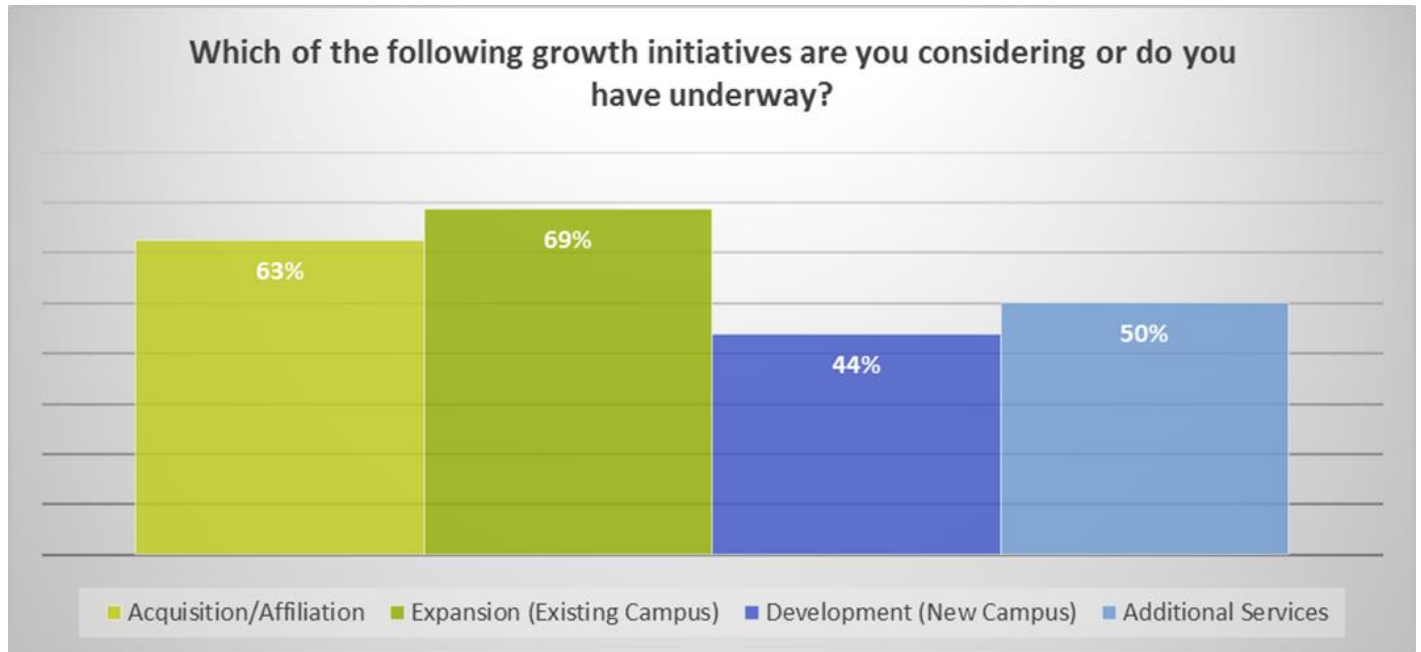
One of the most interesting facts gleaned from the survey was that, when asked if their organization needed to grow to remain competitive, not one of the respondents thought their organization was competitive as is, signaling an acceptance that remaining competitive is a constant endeavor. However not all respondents (14%) felt that growth was the key to such sustained competitiveness.



Of the responding organizations, 74% confirmed that their organization is either currently considering or underway with a major growth initiative. So while 86% of respondents identify growth as a necessary component of competitiveness, not all have identified specific initiatives to pursue. Additionally, most respondents indicated they have more than one initiative planned or underway, with acquisitions and expansions leading the way as the most popular forms of growth.

Is Your Organization Poised for Growth?

Cont. from Page 3



HJ Sims is committed to working with communities and their boards to tailor strategic capital plans and recognizes that a menu of options is best and that one size does not fit all. In addition to surveying respondents on the type of growth initiatives, Sims also collected feedback on other topics including: barriers to growth, criteria for assessing growth opportunities, and level of board involvement, as a thorough understanding of these topics advances our capabilities to best serve our clients.

If you are interested in receiving the full survey results, when available, please contact your Sims banker.



For more information, please contact an HJ Sims banker.

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