

# CAPITAL MARKET UPDATE

Tel: 800-HJS-1935

www.hjsims.com



FINANCED RIGHT®

Member FINRA/SIPC

## Senior Living New Issue Rates as of 8/30/16

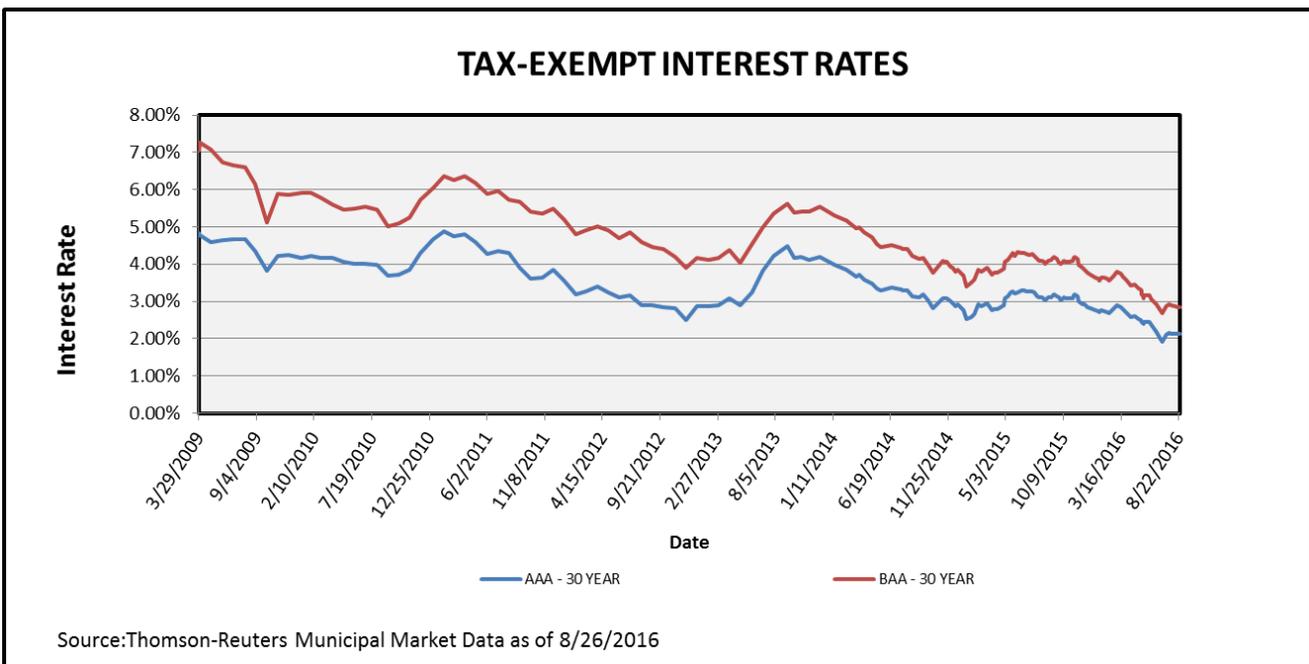
Maturity	Taxable Rates	Tax Free Rates					
	GNMA Taxable	FHA Tax-Exempt	A	BBB	BB	Refinancing & Expansion	Start-Up
5 yr.	NA	1.07%	1.500%	1.900%	2.25%	2.50-3.00%	3.50-4.00%
10 yr.	NA	1.91%	2.100%	2.450%	2.85%	3.25-3.60%	4.20-4.75%
20 yr.	NA	2.65%	2.750%	3.000%	3.55%	4.00-4.30%	4.75-5.25%
30 yr.	3.350%	2.84%	2.850%	3.100%	3.70%	4.25-4.55%	5.10-5.50%

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

SIFMA Index	LIBOR
0.56%	0.52%

Revenue Bond Index (RBI)	10 Year Treasury	30 Year Treasury
3.06%	1.5710%	2.2280%

	1 Year	3 Year	5 Year	7 Year	10 Year
Weekly SIFMA Swap Rates	0.26%	0.54%	0.72%	0.88%	1.05%
Weekly LIBOR Swap Rates	0.93%	1.09%	1.19%	1.31%	1.44%



## Market Commentary

All good things must come to pass -- and so it goes with the Summer of 2016. The season was a remarkable one for Olympians in Rio, the Democratic and Republican Party nominees, Brits voting to exit the European Union, Pokemon, and the Little Leaguers of Endwell, New York who won every game they played this year up to and including their World Series matchup against South Korea on Sunday.

The Federal Open Market Committee officially met only once this summer, in July, but voting members had plenty to say on the subject of raising rates. All the speaking, coupled with the uncertainty resulting from the Brexit vote, led to quite a bit of volatility in the financial markets. Since June 20, the official start of summer, the S&P 500 Index has swung by as much as 190 points and the Dow Jones Industrial Average by nearly 1,500. Oil prices dropped from \$50.11 to \$39.51 before climbing back to the mid-forties. The 30-year Treasury yield ranged from 2.55% to 2.09% and currently stands at 2.23%. The 30-year AAA municipal general obligation bond yield bounced between 1.93% and 2.23% and is 2.12% at this writing.

The waning days of August have been busy ones in the tax-exempt market, and the calendar again has featured a number of charter school financings. Last week, the Public Finance Authority of Wisconsin issued \$111 million of non-rated revenue bonds for the North Carolina Charter Educational Foundation with 30-year term bonds priced at 5.00% to yield 5.05%. The Arlington Higher Education Finance Corporation of Texas was in the market with a \$19.3 million BB rated financing for Leadership Prep School; the 4.50% maximum yield bonds in 2046 were priced with a coupon of 5.00%. The St. Croix Preparatory Academy borrowed \$29.2 million in a 30-year BB+ rated transaction brought by the Township of Baytown, Minnesota priced at 4.25% to yield 4.05%. The California School Finance Authority sold \$12.3 million non-rated bonds for City Charter Schools with 2052 term bonds priced at 5.00% to yield 4.31%. And the Utah Charter School Finance Authority had a \$12.3 million refunding deal for BB+ rated Ronald Wilson Reagan Academy in Springville with 2046 term bonds priced at 5.00% to yield 4.22%.

In the senior living sector, the Public Finance Authority of Wisconsin sold \$5.6 million of non-rated variable rate bonds for Presbyterian Homes and Services senior housing in Apple Valley, Minnesota. And the New Hope Cultural Education Facilities Finance Corporation of Texas issued \$49 million of BB+ rated refunding bonds for MRC Crestview with a final maturity in 2046 priced with a coupon of 5.00% to yield 3.42%.

The markets await the release of August non-farm payroll data on Friday and will then have a long weekend to ponder the significance. In the \$7 billion muni new issue market, HJ Sims is in the market with a \$22.9 million BB rated refunding for Summit Academy North in Romulus, Michigan. The Colorado Education and Cultural Facilities Authority plans an \$18.3 million sale of non-rated revenue bonds for Windsor Charter Academy. The Fulton County Industrial Development Authority of Pennsylvania has a \$22.2 million non-rated deal for the Fulton County Medical Center, and the Illinois Housing Development Authority will price a \$23.7 million non-rated deal for Stonebridge of Gurnee.

We hope that your summer ends well and wish you safe travels over Labor Day weekend.

---

## Restructuring a Life Plan Community into Success and 97% Occupancy

The Amsterdam at Harborside is a beautiful life plan community (CCRC) in Port Washington, NY that continues to provide an exceptional lifestyle across the continuum from independent living apartments to assisted living, memory care, rehabilitation, nursing and hospice care since welcoming its first residents in August 2010. The community recently reached an important milestone with 97% of its 229 independent living apartments occupied.



In December 2007 HJ Sims underwrote \$296.4 million in tax-exempt bonds for the construction and development of the community, the first and only continuing care retirement community in Nassau County, NY. Economic conditions and lower local real estate values severely curtailed the pace of new residents moving to the community shortly after opening. The difficulty of selling existing homes in a severe recession dampened marketing activity significantly.

In an effort to improve cash flow, HJ Sims and a concerted joint effort by management, the Board of Directors, Greystone Communities as development consultant, manager and marketing firm, bondholders and New York State regulators worked several months to devise a debt restructuring plan that would provide the community with the relief and flexibility to be viable over the long term. Although a bankruptcy filing was necessary to complete the restructuring since unanimous consent of all the bondholders was required, ultimately over 99% of bondholders voted to approve the plan in 2014. No debt was forgiven under the restructuring and sales continued during the brief bankruptcy period. Service delivered by Harborside's talented staff consistently remained at levels expected by residents.

Jim Davis, President & CEO of The Amsterdam Continuing Care Health System, sponsor of the Amsterdam at Harborside, attributes the community's successful restructuring to regular communication, education, staff commitment and a wonderful product. From the days of the initial challenges, Jim and his team developed a comprehensive communication strategy that involved a wide breadth of stakeholders – from lenders and regulators to residents, prospective residents, family members and staff. Each constituency was kept well informed as to the challenges and the corrective action plans with frequent progress reports along the way. Jim's open and forthright approach instilled confidence that everything possible was being done to see the community through the restructuring process and that the results would lead to the future success and long term viability of the community.

The Harborside, in conjunction with Greystone Communities brought together a highly committed and professional staff who developed strong relationships with current and prospective residents and family members. The combination of educating the consumer on the value of living at The Harborside, newly implemented options and incentives available to interested prospective residents and the assurance provided by Jim's frequent town hall meetings created the steady momentum that led to this impressive achievement.

HJ Sims congratulates The Harborside and wishes it great success in the future.

---



**For more information, please contact an HJ Sims banker.**

**Fairfield, CT**

William Sims	203-418-9001	<a href="mailto:wsims@hjsims.com">wsims@hjsims.com</a>
Jeff Sands	203-418-9002	<a href="mailto:jsands@hjsims.com">jsands@hjsims.com</a>
Andrew Nesi	551-427-5135	<a href="mailto:anesi@hjsims.com">anesi@hjsims.com</a>
Mackenzie Welch	203-418-9024	<a href="mailto:mwelch@hjsims.com">mwelch@hjsims.com</a>
Krystal Murphy	203-418-9028	<a href="mailto:kmurphy@hjsims.com">kmurphy@hjsims.com</a>

**Rockville, MD**

Aaron Rulnick	301-424-9135	<a href="mailto:arulnick@hjsims.com">arulnick@hjsims.com</a>
Kyrle Turton	203-418-9038	<a href="mailto:kturton@hjsims.com">kturton@hjsims.com</a>
Patrick Mallen	203-418-9009	<a href="mailto:pmallen@hjsims.com">pmallen@hjsims.com</a>

**Bloomington, MN**

Mark Landreville	952-683-7509	<a href="mailto:mlandreville@hjsims.com">mlandreville@hjsims.com</a>
Jay Hromatka	952-683-7506	<a href="mailto:jhromatka@hjsims.com">jhromatka@hjsims.com</a>
Christina Rapp	952-683-7507	<a href="mailto:crapp@hjsims.com">crapp@hjsims.com</a>

**Philadelphia, PA**

James Bodine	215-854-6428	<a href="mailto:jbodine@hjsims.com">jbodine@hjsims.com</a>
--------------	--------------	--

**Austin, TX**

Curtis King	512-519-5003	<a href="mailto:cking@hjsims.com">cking@hjsims.com</a>
James Rester	901-652-7378	<a href="mailto:jrester@hjsims.com">jrester@hjsims.com</a>
Brett Edwards	512-519-5001	<a href="mailto:bedwards@hjsims.com">bedwards@hjsims.com</a>

**Orlando, FL**

Robert Gall	407-313-1701	<a href="mailto:rgall@hjsims.com">rgall@hjsims.com</a>
Kerry Moynihan	407-313-1702	<a href="mailto:kmoynihan@hjsims.com">kmoynihan@hjsims.com</a>

**Montvale, NJ -Sims Mortgage Funding - 201-307-9383**

Anthony Luzzi	<a href="mailto:aluzzi@simsmortgage.com">aluzzi@simsmortgage.com</a>
Kerrie Tomasiewicz	<a href="mailto:ktomasiewicz@simsmortgage.com">ktomasiewicz@simsmortgage.com</a>
Andrew Patykula	<a href="mailto:apatykula@simsmortgage.com">apatykula@simsmortgage.com</a>

---

*The material presented here is for information purposes only and is not to be considered an offer to buy or sell any security. This report was prepared from sources believed to be reliable, but it is not guaranteed as to accuracy, and it is not a complete summary or statement of all available data. Information and opinions are current up to the date of publication and are subject to change without notice. The purchase and sale of securities should be conducted on an individual basis considering the risk tolerance and investment objective of each investor and with the advice and counsel of a professional advisor. All investments involve risk and may result in a loss of principal. Investors should carefully consider their own circumstances before making any investment decision. This is not a solicitation to buy or an offer to sell any particular investment.*