



Capital Comments

A Quarterly Newsletter

WHEFA.com

Fall 2020



Dennis Reilly

Message from the Executive Director

Hanging in There Together

Leaves changing colors, temperatures dropping, football on TV, pumpkin spice everything – fall is here! Typically, one of my favorite times of the year, but this fall feels unlike any that have come before. The days seem even shorter, the skies darker, the weather colder and though some kids are back in school, in many cases, the classroom is now the kitchen table at home. The world’s challenges are difficult and testing our resolve.

Today, when you ask someone how they are doing on the phone or to begin your Zoom call, typical responses are ‘fine’, ‘ok’, or ‘hanging in there’. It seems we have all been hanging in there since March. I truly hope this is indeed the case. Saying these words is a small way to pass on support and encouragement to each other as we all continue to hang in there together.

WHEFA has had a slow start to its 2021 fiscal year that commenced on July 1, 2020. As nonprofits continue to wrestle with COVID-19, new money borrowings and refinancings have slowed considerably here in Wisconsin. Now — with health professionals saying it may not be until at least the end of 2021 before there is a degree of post-Covid normalcy in our lives, future financing activity may continue to stay slow for the foreseeable future despite historical low interest rates. However, making forecasts or predictions during a time what is habitually described as “unprecedented” is nearly impossible.

Thank you to everyone who responded to our bi-annual satisfaction survey that we sent out last month. Your input is extremely important as we continually look to improve our operations and the services we provide.

Along those lines, as WHEFA strives to be an advocate, an educator, and a resource for all nonprofits in the Badger state, we would like to offer you an exciting opportunity to participate in an upcoming national conference. As the current President of the National Association of Health and Educational Facilities Finance Authorities ([NAHEFFA](#)), I would like to extend an invitation to participate in the upcoming NAHEFFA Fall 2020 Virtual Conference, October 28-29. This virtual conference is being offered at no cost to nonprofit borrowers, and a small registration fee will be charged for all others. Please consider registering for the virtual conference, you will not be disappointed with the rich content and dynamic speakers.

Please click here to view the [virtual conference agenda](#). Registration is easy – please follow this [registration link](#). If you are a nonprofit borrower, please enter my name when asked to provide the name of your host, and when asked to select type of registration, be sure to select “Nonprofit Organization”.

In closing, I would like to offer Jennifer Powers, Partner at Quarles & Brady LLP a heartfelt congratulations on her retirement. Jennifer served as general counsel to WHEFA and also served as bond counsel and issuer’s counsel on WHEFA financings. She will be greatly missed, and we wish her a long and enjoyable retirement. No one deserves it more!

As always, please do not hesitate to call if we can be of assistance or simply answer a question. We hope you find this edition of the WHEFA Capital Comments to be informative and helpful. Have a wonderful fall.

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A Wonderful Farewell to a WHEFA Colleague and Friend



Jennifer Powers

WHEFA Members and staff would like to congratulate Jennifer Powers, Partner at Quarles & Brady LLP on her recent retirement. Jennifer practiced law with Quarles & Brady for 30+ years, the majority of that time was spent serving as general counsel to WHEFA and bond counsel and issuer's counsel on hundreds of WHEFA financings. We will miss her and wish her all the best for a long and enjoyable retirement!

The Bond Deal is Over, Now What?

RESTRICTED DONATIONS

The IRS does not allow tax-exempt borrowing in excess of the cost of the defined Project. If a donor makes a restricted gift to be applied to the Project, there is a potential for “excess borrowing.”

- (a) Example: Assume the borrower incurs \$20 million in bond debt for library improvements, with total budgeted cost of \$20 million. After closing, a donor gives \$1 million restricted gift toward the library. In this case there is too much money for the cost of the Project, so it may be necessary to prepay bonds. A prepayment premium may be applicable, so may not be the best option.
- (b) A restricted donation may be applied to the borrower's equity contribution to the Project (not applicable to the example above, since there is no equity contribution). An alternative to prepaying the bonds may be to substitute Project. That is, use the excess bond proceeds for another exempt purpose, subject to the approval of bond counsel.

Financing Spotlight

\$35,450,000

WHEFA Bond Financing Helps Trinity Woods Construct in Milwaukee

Bonds Placed with First Madison Investment Corporation



“The new intergenerational housing complex on the campus of Mount Mary University is a joint venture among the School Sisters of Notre Dame, Mount Mary University and Milwaukee Catholic Home. Retired sisters from the School Sisters of Notre Dame, other seniors who move onto the campus from the surrounding community, along with single mothers and their children - the mothers being students at Mount Mary - will have an opportunity to build community and enrich each other’s lives. The tax-exempt financing obtained through WHEFA helped make this endeavor financially viable.

*-- Debra Sciano, President
SSND, MMU, MCH Joint Venture, Inc.*

The project will create approximately 71 permanent jobs with an annual payroll of \$2,800,000. Approximately 250-300 construction jobs will be created as well. 59 total jobs will be retained with an annual payroll of approximately \$2,300,000.

Trinity Woods will employ approximately 60 full-time equivalents.

71 Jobs Created	250 Construction Jobs Created	60 FTE Employees
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Bond financing facilitated by WHEFA will be used to help SSND, MMU, MCH Joint Venture, Inc. construct a project known as Trinity Woods, which includes the construction of 90 independent living senior apartments, 52 assisted living units, 24 student apartments, an early childhood education center and a town center with a total project size of 250,000 square feet located on a 9.95-acre parcel at the north end of the Mount Mary University campus in Milwaukee, Wisconsin. This federally tax-exempt financing process has enabled the borrower to operate more effectively by financing its capital expenses at a low interest rate.

WHEFA is proud to continue its mission of assisting all eligible Wisconsin nonprofit institutions to obtain and maintain access to tax-exempt financing in order to finance or refinance their capital improvement and expansion needs.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Recently Completed Financings

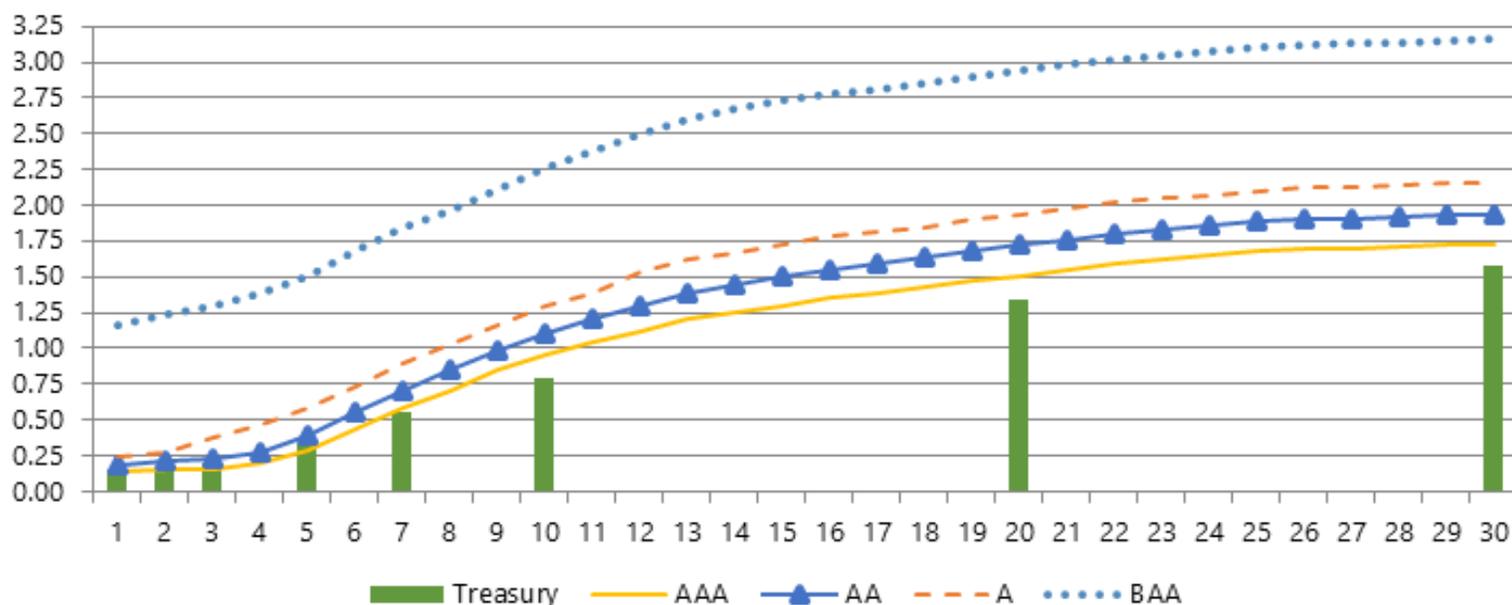
<u>Date</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount</u>	<u>Structure</u>
07/16/2020	Morrow Memorial Home For the Aged, Inc.	New Money, Refinancing	\$18,250,000	Reset Rate, Unrated, Private Placement
07/29/2020	Trinity Woods Project	New Money	\$ 35,450,000	Reset Rate, Unrated, Private Placement

Interest Rates (as of October 9, 2020)

	<u>Current</u>	<u>Three Months Ago</u>	<u>One Year Ago</u>
SIFMA Muni Swap Index	0.110%	0.110%	1.400%
Bank Prime Rate	3.250%	3.250%	5.000%
10-Year Treasury Note	0.780%	0.640%	1.590%
Revenue Bond Index (30-Year, A1/A+, Tax-Exempt Rate)	2.770%	2.610%	3.070%
Municipal Market Data (MMD) (30-Year, Aaa, Tax-Exempt Rate)	1.730%	1.530%	2.000%

Muni Index Yield Curve by Credit Rating

**Municipal Market Data (MMD) & Treasury Rates
October 9, 2020**



Source: Treasury.gov

October 9, 2020

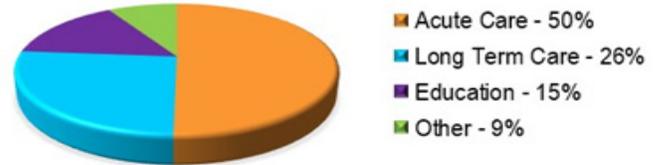
Robert W. Baird

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

About WHEFA

WHEFA fulfills its mission by assisting all eligible Wisconsin nonprofit institutions to obtain and maintain access to tax-exempt financing in order to finance or refinance capital improvement and expansion needs. Since inception, WHEFA has provided several hundred Wisconsin nonprofit corporations access to private and public capital markets at lower costs than are available to them in the conventional marketplace.

41 Years of History:
905 financings in excess of \$29 billion



Number of issues as of 06/30/2020

Pursuant to Section 231.10 of the Wisconsin Statutes, bonds issued by WHEFA are not considered indebtedness of the State of Wisconsin, and the State has no obligation to repay any bonds issued by WHEFA under any circumstances. Additionally, WHEFA does not utilize any State moneys to fund its operations.

Save the Date!
WHEFA WORKSHOP - 24th Annual
Monday, March 15, 2021

WHEFA MEMBERS

Chairperson

James Dietsche

Vice-Chairperson

Tim Size

Members

Renee Anderson

Billie Jo Higgins

James Opperman

Pamela Stanick

Robert VanMeeteren

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Dennis Reilly

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