



Capital Comments

A Quarterly Newsletter

WHEFA.com

Winter 2021



Dennis Reilly

Message from the Executive Director

Happy New Year!

I expect many, if not most of you, are happy to have 2020 behind us.

As I look back on 2020, I reflect on how our lives have changed. The global COVID-19 pandemic brought pain and loss to many of us. And for almost all of us, our daily lives, family time, and work also changed dramatically last year.

WHEFA Workshop Goes Virtual

I look forward with new hope to 2021 with its promises of vaccines, life returning to normality, and the ability to spend time once again with work colleagues, friends, and family in person, unfettered by pandemic restrictions.

Until such time, we must continue to adjust and adapt. As a result, the 24th Annual WHEFA Workshop will be held in a series of webinars in early 2021. Financial staff and executives of all nonprofit institutions, associations and finance professionals are invited to attend. We hope you are able to attend, and we look forward to spending some time virtually until we can gather in-person again!

The first webinar series will take place on Thursday, January 21, 2021. **For more information and to register, please [click here](#).**

Future is Bright

The future is bright for the municipal bond market. Interest rates are expected to stay low for the foreseeable future, and I am hopeful tax-exempt issuance will tick back up in 2021, perhaps to fund future projects, but also deferred projects that may have been put on hold last year due to the pandemic. In addition, I am optimistic muni bond provisions will be included in future federal legislation including a permanent reinstatement of tax-exempt advance refunding and enhancement of the small issuer exception (bank qualified). I will stay in touch during the coming months with any new legislative developments.

WHEFA Mission Remains Strong Despite the Pandemic

Our mission is simple: to assist Wisconsin's nonprofit institutions to obtain access to low-cost capital in order to finance or refinance their building and equipment improvements and expansion needs. Regardless of whether or not WHEFA is involved in the ultimate issuance of bonds for a particular project or refinancing, WHEFA is a wonderful resource when researching and evaluating various financing options. I encourage all organizations to call when contemplating a borrowing for a new money project or refinancing. Irrespective of the ultimate plan of finance, WHEFA is here to help.

Best wishes for a happy, safe, and prosperous New Year.

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WHEFA's 24th Annual Workshop Going Virtual in 2021

3-Part Webinar Series

The 24th Annual WHEFA Workshop will be held in a series of virtual events in early 2021. Financial staff and executives of all nonprofit institutions, associations and finance professionals are invited to attend. This free, virtual Workshop series, is an effort by WHEFA to continue our long history of providing high quality presentations that both educate attendees and stimulate discussion on issues related to capital finance.

You are cordially invited to participate in the first virtual event to take place on **Thursday, January 21, 2021**.
Registration is required.

Thursday, January 21, 2021 Virtual Workshop - Series 1

11:00 a.m. - 12:15 p.m. CST - **Investment / Market Outlook**

Brian Andrew, Chief Investment Officer; Johnson Financial Group

This presentation will discuss how the economy and current market environment affect the value of stocks, bonds, and other real assets, as well as how organizations should manage their asset allocation strategies in 2021 and beyond.

12:15 p.m. - 1:00 p.m. CST - Break

1:00 p.m. - 1:45 p.m. CST - **LIBOR / SOFR Transition**

Erik Kelly, President; Blue Rose Capital Advisors

Scott Talcott, Senior Vice President; Blue Rose Capital Advisors

Brandon Lippold, Assistant Vice President; Blue Rose Capital Advisors

In 2017, the UK Financial Conduct Authority (FCA) announced that LIBOR would cease publication (initially by YE 2021). Following this announcement, the Federal Reserve Bank of New York (FRBNY) has endeavored to introduce a new benchmark rate (SOFR) as a replacement to U.S. dollar denominated LIBOR. Since then, many market participants have sought further understanding of the discontinuation of LIBOR and its implications. During this session, Blue Rose Capital Advisors will discuss current regulatory updates and pronouncements, fallback language, mechanics, and economic implications arising as a result of the LIBOR transition.

[**REGISTER HERE**](#)

Once you've registered, you will receive a confirmation. A Zoom link will be sent closer to the event. You will receive additional, separate invitations for both Series 2 and Series 3.

We hope you are able to attend this event and look forward to spending some time virtually, until we can gather again!

WHEFA Virtual Workshop Cont....

Save the Dates

February TBD, 2021
Virtual Workshop - Series 2

Time & Topic(s) TBD

March 18, 2021
Virtual Workshop - Series 3

1:00 p.m. - 2:15 p.m. CST - **TEFRA, Floating Equity, Post Issuance Compliance**

Nancy Burke, Partner; Chapman and Cutler LLP

Brent Feller, Partner; Chapman and Cutler LLP

This overview of recent regulatory changes covers TEFRA notices/approvals and private use planning opportunities arising from the use of qualified equity in tax-exempt financings. This session will also include a discussion of practical tips for post-issuance compliance procedures.

Not-For-Profit Median Ratios

Below please find links to the 2020 not-for-profit median ratios for fiscal year 2019 from Moody's Investors Service, Fitch Ratings and Standard & Poor's Global Ratings.

Whether your entity already is an investment grade borrower, or is striving to become one, we believe you will find the median ratios very helpful as you manage your operations:

[Private University Medians from Moody's Investors Service](#)

[Life Plan Communities \(LPC\) Medians from Fitch Ratings](#)

[Not-For-Profit Health Care Medians from Standard & Poor's Global Ratings](#)

Financing Spotlight

\$121,405,000

WHEFA Bond Financing Helps Children’s Hospital of Wisconsin, Inc. Expand and Renovate in Milwaukee
Bonds Underwritten by J.P. Morgan Securities LLC



Kids deserve the best.

“Children’s Wisconsin relies on tax-exempt financing to access capital for mission-critical projects. Without this low-cost debt, we would be unable to continue to provide the best and safest care to the children and families we serve.”

*- Marc Cadieux, Chief Financial Officer
Children’s Hospital of Wisconsin, Inc.*



**Up to 225 construction jobs will be created.
84 total jobs will be retained with an
annual payroll of over \$6.1 million.**

**Children’s Hospital of Wisconsin employs
approximately 4,571 full-time equivalents in
Wisconsin.**

4,571 FTE Employees

Bond financing facilitated by WHEFA will be used to help Children’s Hospital of Wisconsin, Inc. finance, in part, the construction and equipping of a 55,000 square foot first floor addition to the front of Children’s Hospital – Milwaukee’s campus for Emergency Diagnostic Trauma Center (“EDTC”) (with sufficient structural foundation to support future vertical expansion) (the “EDTC Expansion”). The EDTC Expansion will house emergency as well as other diagnostic testing capabilities. In addition to the EDTC Expansion, the project includes the renovation of existing ambulatory and EDTC spaces. This federally tax-exempt financing process has enabled the hospital to operate more effectively by financing its capital expenses at low interest rates.

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

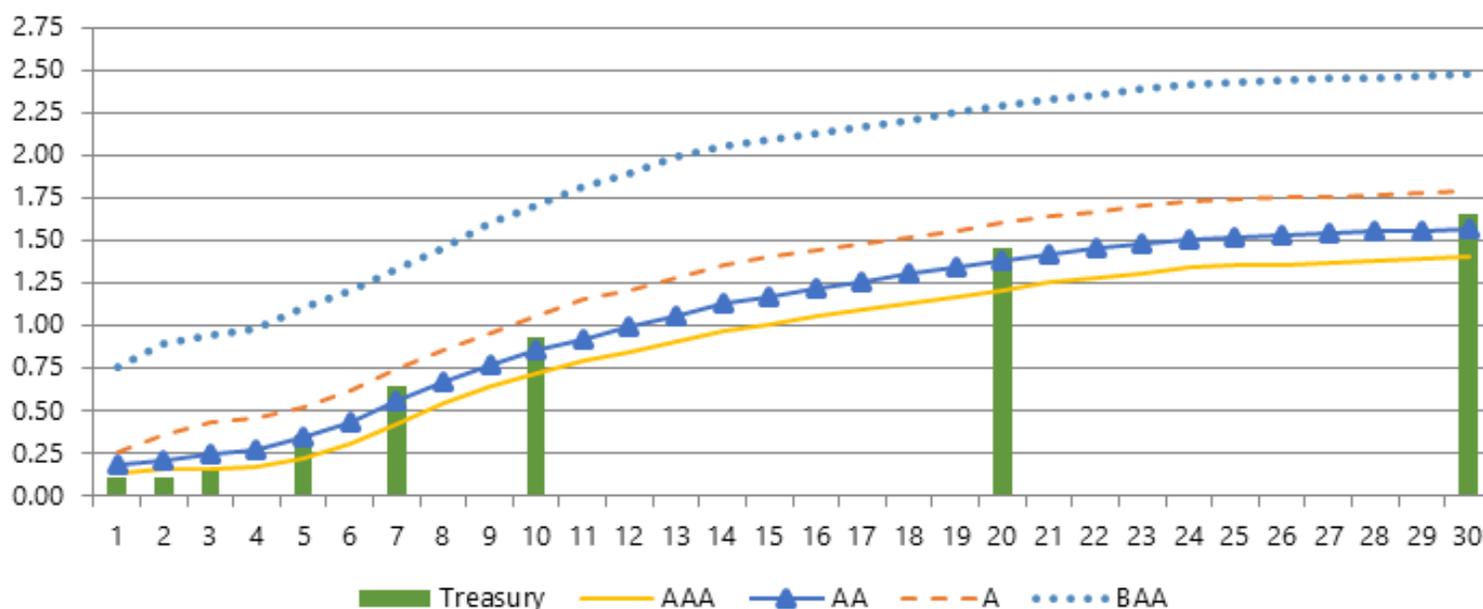
<u>Date</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount</u>	<u>Structure</u>
10/29/2020	Children's Hospital of Wisconsin, Inc.	New Money,	\$121,405,000	Fixed Rate, Rated, Public Placement

Interest Rates (as of January 4, 2021)

	<u>Current</u>	<u>Three Months Ago</u>	<u>One Year Ago</u>
SIFMA Muni Swap Index	0.090%	0.110%	0.940%
Bank Prime Rate	3.250%	3.250%	4.750%
10-Year Treasury Note	0.920%	0.780%	1.820%
Revenue Bond Index (30-Year, A1/A+, Tax-Exempt Rate)	2.530%	2.770%	3.060%
Municipal Market Data (MMD) (30-Year, Aaa, Tax-Exempt Rate)	1.390%	1.730%	1.940%

Muni Index Yield Curve by Credit Rating

Municipal Market Data (MMD) & Treasury Rates January 4, 2021



Source: Treasury.gov

January 4, 2021

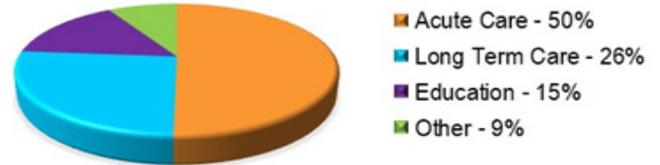
Robert W. Baird

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:
908 financings in excess of \$29 billion



Number of issues as of 12/31/2020

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.

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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