



Capital Comments

A Quarterly Newsletter

WHEFA.com

Spring 2021



Dennis Reilly

Message from the Executive Director

Workshop Webinar Follow-Up

On behalf of the entire WHEFA staff, I would like to thank everyone who participated in our series of workshop webinars. We had over 100 people participate in each webinar. We truly appreciate you making time in your busy schedules to attend virtually. Of course, nothing will replace gathering annually in person for our workshop, but the webinars proved to be an effective tool to continue our long history of providing high quality education.

Thank you to all the wonderful speakers that volunteered their time and talents. All of the presentations were very well received, and presenters did an excellent job of educating the attendees on timely and important topics.

2021 Workshop Webinar Speakers:

- Brian Andrew, Chief Investment Officer; Johnson Financial Group
- 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
- Craig Elder, Director Senior Fixed Income Analyst; Robert. W. Baird
- Nancy Burke, Partner; Chapman and Cutler LLP
- Brent Feller, Partner; Chapman and Cutler LLP

For those who were unable to attend, the webinar presentations (both slides and videos) can be found on the WHEFA website, ([here](#)).

Update on Potential Federal Legislation

We received great news yesterday that Reps. Ruppertsberger (D-MD) and Stivers (R-OH), co-chairs of the bipartisan House Municipal Finance Caucus, have reintroduced the “Investing in Our Communities Act” to revive advance refunding (AR). This is in addition to the recent reintroduction of the LOCAL Infrastructure Act, which also revives AR, by Sens. Wicker (R-MS) and Stabenow (D-MI). In addition, President Biden is expected to announce his infrastructure proposal later this week and there is a good chance it will include favorable bond proposals. We will continue to keep you updated with any new legislative developments.

In Closing

I hope you enjoy this edition of the WHEFA Capital Comments.

Best wishes for a safe, happy, and prosperous Spring.

Kindest Regards,

Dennis P. Reilly
Executive Director

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WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Register for the Virtual Spring NAHEFFA Conference

The National Association of Health and Educational Facilities Finance Authorities (NAHEFFA) promotes the common interests of organizations which have the authority to provide capital financing for not-for-profit healthcare and higher education institutions and facilitates national advocacy, support, networking, and education on behalf of its members. NAHEFFA focuses its efforts on issues which directly influence the availability of, or access to, tax-exempt financing for healthcare and higher educational institutions.

We invite all nonprofits to join us for FREE in a virtual event being held April 19 & 20, 2021.

Monday, April 19, 2021

DC Consultant's Update on Municipal Bonds

**What to Expect from Congress on Municipal Bonds: A Conversation with Ways & Means Staff Director
Beth Bell**

NAHEFFA's Advocacy Partnership with AHA & NACUBO: The Outlook for 2021

**Keynote Speaker:
Congressman C.A. "Dutch" Ruppersberger
Co-Chair, U.S. House of Representatives
MUNICIPAL FINANCE CAUCUS**

Networking Event – A Night at the Races

Tuesday, April 20, 2021

The Social Determinants of Health

Health Care & Higher Education "Mix Tape"

LIBOR Phase-Out

Home Health & Educational Financings

The State of the Economy & Economic Equity

We are pleased to extend an invitation to nonprofit organizations to attend this conference as guests of NAHEFFA. Click the button below and select "Nonprofit Organization Guest of NAHEFFA Member" to register for this event at no charge. Enter "Wisconsin Health & Educational Facilities Authority" in the NAHEFFA Member Host of Nonprofit Organization box.

[CLICK!! REGISTER TO ATTEND NAHEFFA Spring 2021](#)

Please check the NAHEFFA website at naheffa.com for updates to the Agenda. All registrants will be sent the conference link to join as the date gets closer.

Financing Spotlight

\$50,740,000

WHEFA Bond Financing Helps Three Pillars Senior Living Communities Construct, Renovate and Refinance in Dousman

Bonds underwritten by Cain Brothers, a division of KeyBanc Capital Markets



“Three Pillars is proud to be investing significantly in the future of senior services in Wisconsin. This successful initiative is strengthened by our ability to work with WHEFA in achieving tax-exempt financing to support of our much-needed mission to seniors.”

– Mark Strautman, President & CEO
Three Pillars Senior Living Communities

The project will create approximately 270 construction jobs.

41 total jobs will be retained with an annual payroll of approximately \$1,232,000.

200 FTE’s

270 Construction Jobs Created

Bond financing facilitated by WHEFA will be used to help Three Pillars Senior Living Communities (“Three Pillars”) finance costs associated with the conversion and upgrading of skilled nursing rooms and renovation of the service area at the skilled nursing facility. The project also includes the expansion of the community based residential facility assisted living units. Proceeds of the bond financing were also used to refinance certain bonds previously issued by WHEFA in 2013. This tax-exempt and taxable financing process has enabled Three Pillars to operate more effectively by financing and refinancing their 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

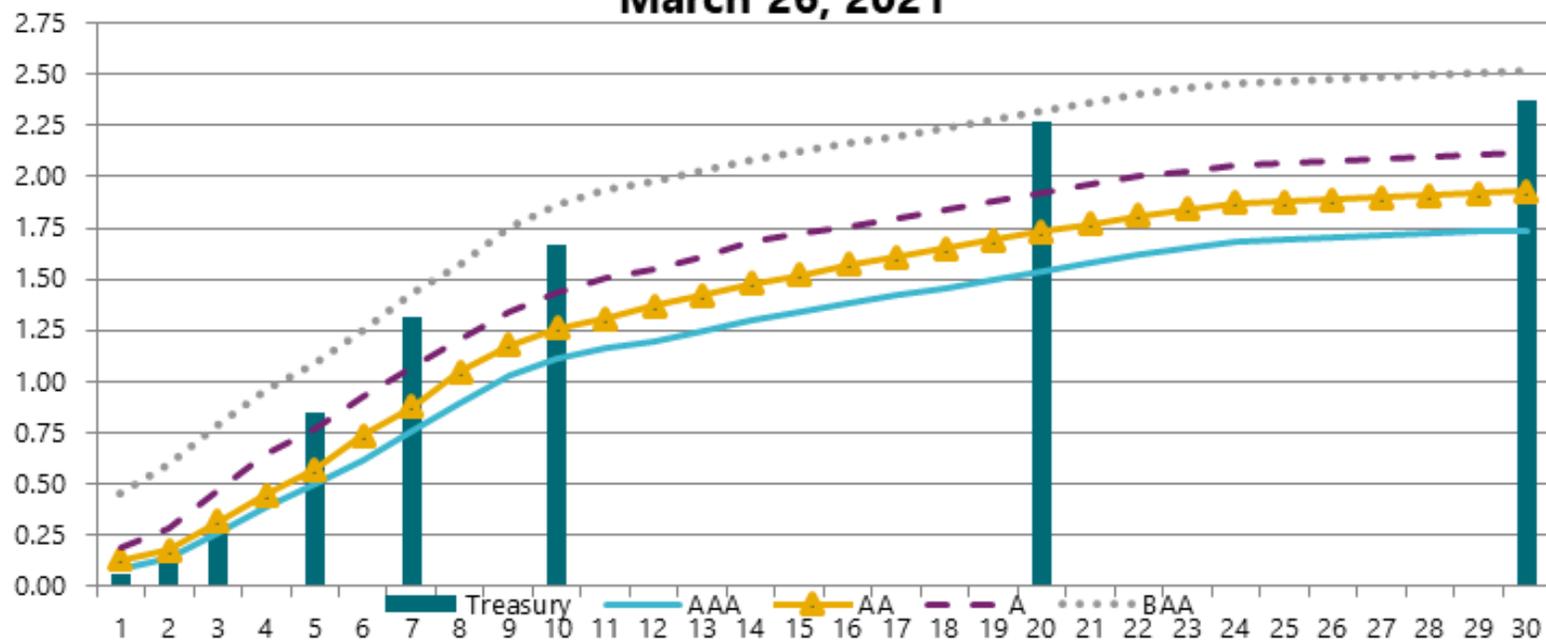
Date	Borrower	Purpose	Amount	Structure
03/04/21	ProHealth Care, Inc. Obligated Group, Series A - C	Refinancing	\$237,035,000	Fixed & Reset Rate, Unrated, Private Placement
03/10/21	Three Pillars Senior Living Communities, Series A & B	New Money, Refinancing	\$ 50,740,000	Fixed Rate, Rated, Public Placement

Interest Rates (as of March 26, 2021)

	Current	Three Months Ago	One Year Ago
SIFMA Muni Swap Index	0.050%	0.090%	4.710%
Bank Prime Rate	3.250%	3.250%	3.250%
10-Year Treasury Note	1.670%	0.920%	0.840%
Revenue Bond Index (30-Year, A1/A+, Tax-Exempt Rate)	2.710%	2.530%	2.770%
Municipal Market Data (MMD) (30-Year, Aaa, Tax-Exempt Rate)	1.740%	1.390%	1.840%

Muni Index Yield Curve by Credit Rating

**Municipal & Treasury Rates
March 26, 2021**



Source: Treasury.gov

March 26, 2021

Robert W. Baird

- FINAL ALLOCATION OF BOND PROCEEDS –

Accounting for the expenditure of bond proceeds is a critical aspect of any tax-exempt bond issue. IRS regulations permit a borrower to use any reasonable accounting method, consistently applied, to account for the expenditures made with the proceeds of a particular bond issue. Absent a record of the allocation of proceeds of an issue, the IRS takes the position that the “specific tracing” method will be used to track the bond proceeds to the project expenditures as shown on the requisitions.

There is a useful IRS regulation that allows for a borrower to make a “final allocation” of the use of proceeds of a bond issue, and in effect, re-allocate the proceeds in a manner that is different than what is reflected by the “specific tracing” method. A borrower must account for the allocation of proceeds to expenditures in writing and no later than 18 months after the date the expenditure is paid or the date the project that is financed by the bond issue is placed in service.

For example, assume the borrower pays for a project with a combination of 60% bond proceeds and 40% equity. If the borrower spends the bond proceeds first and then the equity, absent a “final allocation,” the “specific tracing” method will be used and the expenditures that happened to be paid for first are the ones that will be deemed to be the assets financed with the bond proceeds. By timely making a “final allocation,” the borrower can specifically identify 60% of the expenditures for the project as the bond-financed assets and 40% of the expenditures for the project as the equity-financed assets. Reasons for doing so would be to preserve specific space for private business use or to allocate bond proceeds to longer-lived assets.

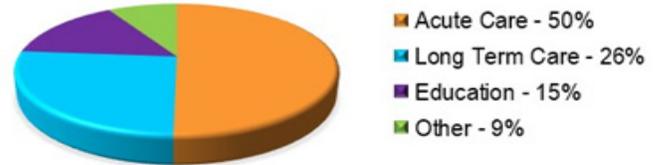
It is a good practice to have a tickler in place to review project expenditures prior to any project placed in service date and/or at the time of delivery of the completion certificate required by the bond documents so the deadline to take advantage of doing a “final allocation” of bond proceeds to expenditures is not missed.

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

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James Dietsche

Vice-Chairperson

Tim Size

Members

Renee Anderson

Billie Jo Higgins

James Opperman

Pamela Stanick

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