



Capital Comments

A Quarterly Newsletter

WHEFA.com

Summer 2021



Dennis Reilly

Message from the Executive Director

2021 Fiscal Year in Review

WHEFA just completed its 2021 fiscal year, as June 30, 2021 marked the end of another year in WHEFA's 42-year history. After six consecutive years of issuance in excess of \$1 billion, the total dollar amount issued this fiscal year was the lowest since 2011, and the lowest number of financings completed since 1985. Interest rates remained at historical lows throughout the fiscal year, but most nonprofit capital projects and refinancing opportunities were put on hold during the pandemic which resulted in lower-than-normal financing and refinancing activity.

Please take a moment to enjoy our ["Fiscal Year 2021 in Review"](#). Below are just a few of the highlights for the past fiscal year:

- 9 financings completed totaling \$635,407,310
- \$425,029,938 (67%) for refinancing
- \$210,377,372 (33%) for new capital expenditures
- 4 financings for new capital expenditures only
- 3 financings for refinancing only
- 2 financings for both refinancing and new capital expenditures
- 5 private placements
- 4 public placements
- 8 different borrowers benefited:
 - 3 multi-site acute care facilities
 - 3 long-term care facilities
 - 1 educational facility
 - 1 other facility
- 2 financings were issued for first time borrowers through WHEFA
- Institutions at approximately 13 different Wisconsin locations across 5 counties benefited from bond proceeds

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Future Activity

Financing activity has increased recently and fiscal year 2022 is off to a fast start with six financings already expected to close in the next two months. I fully expect this trend to continue as interest rates are forecasted to remain low for the foreseeable future.

In Closing

As we conclude this challenging fiscal year and prepare for a new fiscal year, WHEFA stands ready to support the nonprofits in our great state as we work our way out of the pandemic toward a brighter future. Please do not hesitate to call if we can be of assistance, or simply answer a question.

In closing, I would like to wish everyone a safe and enjoyable summer.

Kindest Regards,

Dennis P. Reilly

Executive Director

Financing Spotlight

\$11,097,351

**WHEFA Bond Financing Helps Wisconsin Lutheran High School Conference
Finance in Milwaukee
Bonds Placed with Waukesha State Bank**



“What a blessing these tax-free bonds are to our school and its new dormitory! For years to come, the savings realized from this issuance will enable our ministry to invest more in meeting the needs of students coming from around the globe.”

**-Rev. Dr. Kenneth J. Fisher
President of Wisconsin Lutheran High School**



103 FTE's

Bond financing facilitated by WHEFA was used to help Wisconsin Lutheran High School Conference (“WLHS”) refinance an interim taxable loan, the proceeds of which were originally used for the costs of constructing, improving, and equipping various expansion, renovation, and additions to the high school and the purchase of dormitory facilities used to house up to 72 international and domestic residence students. This tax-exempt financing process has enabled WLHS to operate more effectively by refinancing their 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

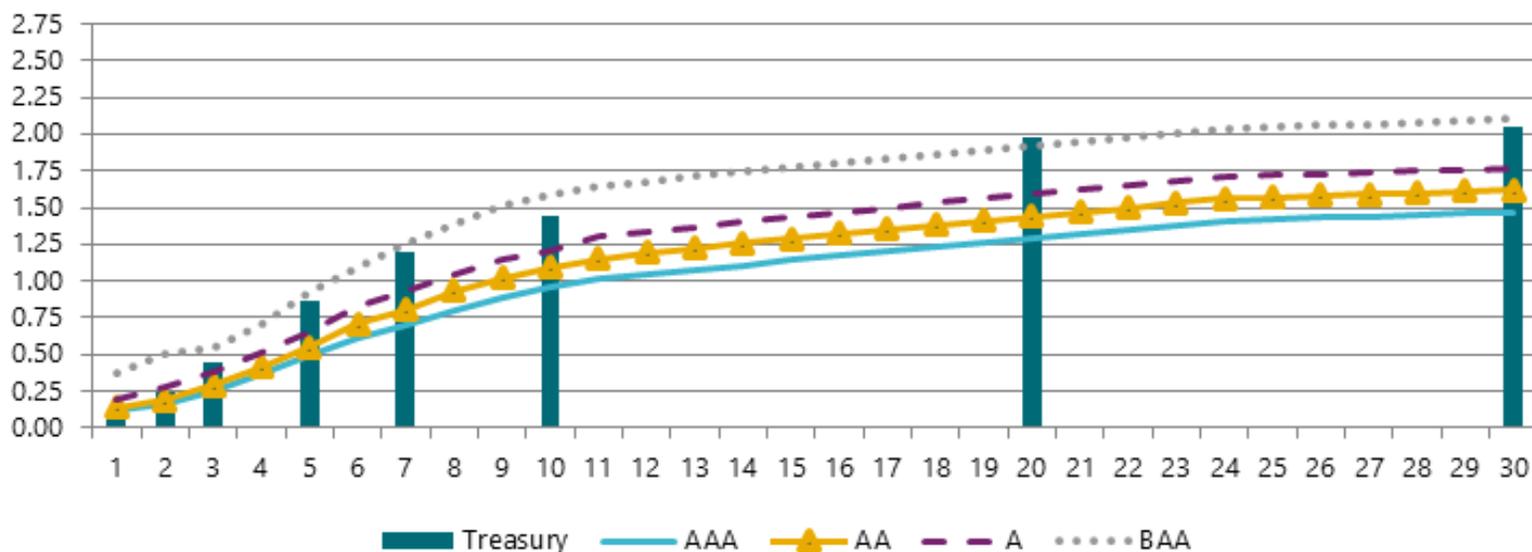
<u>Date</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount</u>	<u>Structure</u>
05/27/2021	Wisconsin Lutheran High School Conference	New Money	\$ 11,097,351	Monthly Variable Rate, Unrated, Private Placement
06/11/2021	Skaalen Retirement Services, Inc.	Refinancing, New Money	\$ 11,219,959	5-Year Reset Rate, Unrated, Private Placement
06/24/2021	Froedtert Health, Inc. Obligated Group, Series A & B	Refinancing	\$150,210,000	Daily & Weekly Rates, Rated, Public Placement

Interest Rates (as of July 2, 2021)

	<u>Current</u>	<u>Three Months Ago</u>	<u>One Year Ago</u>
SIFMA Muni Swap Index	0.030%	0.050%	0.090%
Bank Prime Rate	3.250%	3.250%	3.250%
10-Year Treasury Note	1.430%	1.670%	0.680%
Revenue Bond Index (30-Year, A1/A+, Tax-Exempt Rate)	2.500%	2.710%	2.630%
Municipal Market Data (MMD) (30-Year, Aaa, Tax-Exempt Rate)	1.470%	1.740%	1.630%

Muni Index Yield Curve by Credit Rating

Municipal Market Data & MMD Rates
July 2, 2021



Source: Treasury.gov

July 2, 2021

Robert W. Baird

WHEFA Announces its 25th Annual Workshop

“Insights Into Capital Finance”, an annual one-day Workshop hosted by WHEFA, will be held on Monday, March 14, 2022. Location information will be released soon. This Workshop is designed for financial executives of all Wisconsin nonprofit institutions, as well as other financial professionals who assist in the financing process.

We are excited as it will be WHEFA’s 25th year of hosting this Workshop and we hope you are able to join us and participate.

This will be a free Workshop presented in the hopes of improving statewide knowledge about the capital financing process. Watch for invitations in early 2022. We hope you can join us for our 25th Workshop!

The Bond Deal is Over - Now What?

- Compliance Officer -

A quick reminder for nonprofit borrowers after the bond issued has closed.

In every WHEFA loan agreement, the borrower will agree to designate a person or persons (the “Compliance Officer”) who will be responsible for ensuring compliance with the applicable provisions of the Internal Revenue Code of 1986 (the “Code”) with respect to the bonds including:

- (i) the use of the proceeds of the bonds,
- (ii) the use and ownership of the bond financed property, including any remediation required as a result of a change in ownership or use of the bond financed property,
- (iii) the borrower’s status as an organization described in Section 501(c)(3) of the Code, and
- (iv) the maintenance of all records on the following:
 - (A) expenditures of proceeds of the (including investment proceeds) of the bonds,
 - (B) investments of the proceeds of the bonds,
 - (C) rebate, and
 - (D) management and research contracts pertaining to and leases and other private use of the bond financed property.

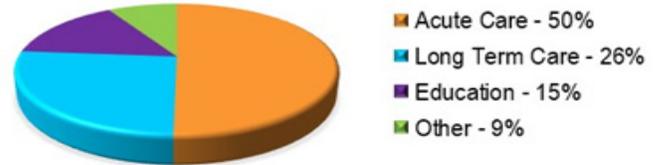
The Compliance Officer shall also be responsible for monitoring ongoing compliance with the requirements contained in all documents to which the borrower is a party related to the issuance of the bonds. Additionally, the borrower agrees to promptly inform WHEFA of any change in the designation of its Compliance Officer.

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.

42 Years of History:
914 financings in excess of \$30 billion



Number of issues as of 06/30/2021

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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Vice-Chairperson

Tim Size

Members

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Billie Jo Higgins

James Opperman

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