

# Capital Comments



Wisconsin Health and Educational  
Facilities Authority

A Quarterly Newsletter

whefa.com

Summer 2022

## In This Issue

Financing Spotlight	2
Recently Completed Financings	3
The Bond Deal is Over, Now What ?	5
Fun Facts	6
News of Note	6
Words of Wisdom	6
About WHEFA	7



### **Message from the Executive Director**

#### *The Dog Days of Summer*

As I draft this message, we are in the peak of the summer season – with the weather in the mid 90's. During weeks like this is it hard to believe that just a few months ago we were looking forward to the summer heat. I hope each of you is having an enjoyable summer season and making the most of it while we can.

#### *WHEFA Activity Recap*

As I mentioned in the Spring newsletter, WHEFA had a busy start to FY 2022, and I am excited to report that we finished fiscal year 2022 (June 30) on a strong note having closed 35 financings representing over \$1.3 billion in total borrowing. These financings assisted 28 borrowers with an estimated net present value savings of over \$65 million.

In its 43-year history, there are only two years in which WHEFA closed more financings. Also of note is that over 20% of the financings assisted nonprofit entities working with WHEFA for the first time.

It is exciting to see this level of activity, as this is an indication that entities are coming out of hibernation and see value using WHEFA tax-exempt financing to assist with their strategy.

We are proud to assist so many borrowers in fulfilling their mission and look forward continuing to do so over the next year.

#### *Final Thoughts*

As always, WHEFA is proud to serve as a valuable resource to nonprofits throughout Wisconsin in their efforts to obtain and maintain access to low-cost, tax-exempt financing.

Please do not hesitate to call me directly at 262.510.9556 or contact any of the WHEFA staff if we can be of assistance or simply answer a question.

I hope you find this newsletter informative and a bit entertaining.

A handwritten signature in blue ink, appearing to read 'Larry D. Wiemer II'.

Best Regards,  
Larry D. Wiemer II | Executive Director

### WHEFA MEMBERS

#### Chairperson

James Dietsche

#### Vice-Chairperson

Tim Size

#### Members

Renee Anderson

Billie Jo Higgins

James Oppermann

Pamela Stanick

Robert Van Meeteren

### WHEFA STAFF

#### Executive Director

Larry D. Wiemer II

#### Associate Executive Director

Tatiana Graver

#### Manager of

#### Operations & Finance

Tanya Coppersmith

#### Executive Assistant

Stephanie Schirripa

## Financing Spotlight

### **ANOTHER SUCCESSFUL PRIVATE ACTIVITY BOND FINANCING**

**\$6,000,000**

**WHEFA Bond Financing Helps Bellin College, Inc.**

**Expand in Bellevue**

*Bonds Placed with Johnson Bank*

*“Bellin College is excited to be growing and expanding our program offerings. The addition of a second building gives us the much-needed space to support current and future growth. Tax-exempt financing allows us to optimize the use of our resources.”*

*- Ginger Kruppen Schraven,  
VP of Business & Finance  
Bellin College*



***Bellin College's new building***

Bond financing facilitated by WHEFA will be used to help Bellin College finance the purchase and preparation of a building to support current and future higher education programming. This tax-exempt financing has enabled Bellin College 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.

## Recently Completed Financings

Date	Borrower	Purpose	Amount	Structure
03/23/2022	Cedar Crest, Inc., Project, Series A	New Money & Refinancing	\$ 57,460,000	Fixed Rate, Unrated, Public Placement
03/23/2022	Cedar Crest, Inc., Project, Series B & C	New Money	\$ 30,000,000	Monthly Variable Rate, Unrated, Private Placement
03/31/2022	Wisconsin Illinois Senior Housing, Inc.	Refinancing	\$ 22,460,624	7-Year Reset Rate, Unrated, Private Placement
04/20/2022	St. Matthew's Evangelical Lutheran Church Project	New Money	\$ 4,300,000	7-Year Reset Rate, Unrated, Private Placement
04/28/2022	Jewish Home & Care Center, Inc.	New Money	\$ 3,200,000	Monthly Variable Rate, Unrated, Private Placement
04/28/2022	Prospect Congregate Housing, Inc.	New Money	\$ 1,800,000	Monthly Variable Rate, Unrated, Private Placement
05/05/2022	Eastcastle Place, Inc., Series A & C	Refinancing & New Money	\$ 33,139,422	Monthly Variable Rate, Unrated, Private Placement
05/05/2022	Eastcastle Place, Inc., Series B	New Money	\$ 10,309,068	10-Year Reset Rate, Unrated, Private Placement
05/10/2022	Bellin College, Inc., Project	New Money	\$ 6,000,000	Fixed Rate, Unrated, Private Placement
05/10/2022	Grant Regional Health Center, Inc.	Refinancing & New Money	\$ 34,825,500	10-Year Reset Rate, Unrated, Private Placement

*(continued)*

## Recently Completed Financings (continued)

Date	Borrower	Purpose	Amount	Structure
05/26/2022	Capitol Lakes, Inc.	New Money	\$ 33,880,000	2-Year Reset Rate, Unrated, Private Placement
06/08/2022	The Maples Apartments Project, Series A & B	New Money	\$ 25,240,000	Weekly Variable Rate, Unrated, Private Placement
06/08/2022	The Maples Apartments Project, Series C & D	New Money	\$ 6,000,000	Fixed Rate, Unrated, Private Placement
06/24/2022	Wisconsin Operating Engineers Skill Improvement & Apprenticeship Fund Project, Series A	New Money	\$ 10,300,000	Monthly Variable Rate, Unrated, Private Placement
06/24/2022	Wisconsin Operating Engineers Skill Improvement & Apprenticeship Fund Project, Series B	New Money	\$ 10,300,000	7-Year Reset Rate, Unrated, Private Placement
07/07/2022	Froedtert Health, Inc. Obligated Group, Series A	Refinancing	\$134,440,000	Fixed Rate, Rated, Private Placement
07/12/2022	Marquette University	Refinancing	\$ 56,590,000	Fixed Rate, Rated, Public Placement
07/14/2022	Milwaukee Regional Medical Center Utility and Infrastructure Obligated Group	New Money & Refinancing	\$ 59,420,000	Fixed Rate, Rated, Public Placement
07/15/2022	UW-Platteville Real Estate Foundation, Inc.	Refinancing	\$ 19,000,000	10-Year Reset Rate, Unrated, Private Placement

# The Bond Deal is Over—Now What?

## **- ARBITRAGE AND REBATE -**

Yield restriction rules limit the investment yield that may be earned on bond proceeds. Bonds are arbitrage bonds if the issuer expects to invest or actually does invest all or part of the bond proceeds at a yield materially higher than the bond yield. Generally, bonds lose their tax-exempt status if they are arbitrage bonds. If no exception applies, the yield on the investment of bond proceeds must be limited to a yield that is not materially higher than the yield on the bonds

The arbitrage rebate rules provide that even if an issuer is permitted to invest in higher yielding investments under the yield restriction rules, it may have to rebate those arbitrage earnings to the U.S. Treasury.

The IRS requires that a rebate calculation be conducted every 5 years during the life of the bonds. This calculation is extremely technical and is done by specialized technicians. The Bond Indenture/Tax Exemption Agreement will typically require the bond trustee or borrower to engage a qualified professional to calculate the amount of any rebate. The borrower is required to pay for the cost of the arbitrage calculation and to pay any rebate that may be due to the IRS. In the case of a refinancing, any rebate payment is due to the U.S. Treasury within 60 days of the redemption date of the bonds being refinanced.

Be sure to:

- ◇ Maintain a system for tracking investment earnings on the proceeds of the bonds and ensure that investments are purchased at fair market value. Certain safe harbors are available under Treasury Regulations for determining whether certain investments have been purchased at fair market value.
- ◇ Consult with bond counsel prior to engaging in post-issuance credit enhancement transactions or investments in guaranteed investment contracts.
- ◇ Monitor compliance with the applicable “temporary period” exceptions for the expenditure of proceeds of each issue and provide for yield restriction on the investment if the exceptions are not satisfied.
- ◇ Avoid the creation of funds/accounts reasonably expected to be used to pay debt service on an issue of bonds without determining in advance whether any such funds must be invested only at a restricted yield.
- ◇ Monitor compliance with the applicable 6-month, 18-month or 2-years spending exceptions to the rebate requirement, as applicable to the proceeds of each issue.
- ◇ Procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and arrange for payment of such rebate liability.
- ◇ Arrange for timely computation and payment of “yield reduction payments,” if applicable.

## Fun Facts

- ◇ Established in 1911, Devil's Lake state park is the largest and most visited state park in Wisconsin.
- ◇ We lose 1 hour and 15 minutes of daylight from the beginning to the end of August.
- ◇ The Eagle River-Three Lakes chain of lakes is the largest chain of freshwater lakes in the world.
- ◇ One acre is about the same size as a football field without the end zones.
- ◇ The largest musky caught in Wisconsin was 69 lbs. 11 oz. and over 5 ft in length.

## News of Note

### ***From the Bond Buyer.com ....***

The restoration of tax-exempt advance refunding, the municipal bond market's highest legislative priority, likely won't get passed in the near term. See related articles here:

[Tax-exempt advance refunding not likely for years | Bond Buyer](#)

[Muni agenda dealt final blow following Manchin's refusal to support Build Back Better | Bond Buyer](#)

## Words of Wisdom

- ◇ If you are yearning for the 'good old days', just turn off the air conditioning!
- ◇ Kindness is like a boomerang – extra benefit: you don't need practice to be good at it.
- ◇ Any child knows that the real purpose of a middle name is so they can tell when they are really in trouble.
- ◇ The nicest thing about new friends is that they haven't heard your old stories.
- ◇ Live your life so your friends would readily defend you...but never need to.

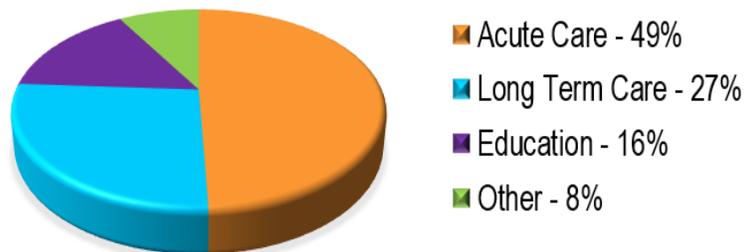
## About WHEFA

WHEFA's mission is to assist all eligible Wisconsin nonprofit institutions to obtain and maintain access to tax-exempt financing in order to finance or refinance their qualifying 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.

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.

*43 Years of History: 949 financings totalling in excess of \$31 billion*



*Number of Financings as of 6/30/2022*

### **Wisconsin Health & Educational Facilities Authority**

18000 W. Sarah Lane, Suite 300

Brookfield, WI 53045

262•792•0466

info@whefa.com • www.whefa.com