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Spring is Coming....

While it is always risky to comment on the weather (especially this time of year) regardless of what the weather is like today I can confidently say - with excitement - that SPRING IS COMING! For me, it is always nice to wake up to birds chirping, to leave the office while it is still light out, and to start to get ‘Course Opening’ emails. I hope each of you find your own way to enjoy the Spring season!

WHEFA Overview

Although the tax-exempt bond market remains muted, WHEFA has remained active - closing two projects since December. WHEFA continues to see a fair amount of activity and interest in financings from both existing borrowers as well as new organizations, and remains committed to supporting each of you with your financing needs, or answering any questions you may have.

From an educational perspective, the WHEFA Workshop was held in late March. Feedback was very positive, and attendees indicated they appreciated the opportunity to network in person. Additional details are included within this Newsletter.

From an advocacy perspective, we have been meeting with legislative leaders regarding the benefits of allowing WHEFA to issue taxable bonds for working capital issues. Stay tuned for more details as the bi-annual budget is developed.

Final Thoughts

As always, WHEFA is proud to serve as a valuable resource to nonprofits organizations 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, as we would be honored to be of assistance or simply answer a question.

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
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Associate Executive Director
Tatiana Graver
Manager of Operations & Finance
Tanya Coppersmith
Executive Assistant
Stephanie Schirripa
**ANOTHER SUCCESSFUL PRIVATE ACTIVITY BOND FINANCING**

$43,385,000

WHEFA Bond Financing Helps Lawrence University of Wisconsin

Reinvest and Update Facilities in Appleton

*Bonds Placed with DNT Asset Trust*

“With a tradition of excellent and affordable liberal arts and sciences education going back to 1847, Lawrence is in our community for the long haul. It takes constant reinvestment to keep our facilities up to date. Tax-exempt financing is a critical tool for keeping our borrowing costs low for capital renewal, so Lawrence can spend those dollars on improving educational resources instead of interest payments.”

_Samir Datta, Vice President for Finance and Administration_  
_Lawrence University of Wisconsin_

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**Financing Spotlight**

3.5 Permanent Jobs Created  |  200 Construction Jobs Created  |  480 FTE Employees

Bond financing facilitated by WHEFA will be used to help Lawrence University finance certain capital projects on its campus including the renovation of student residential and academic buildings, improvements to athletic facilities, acquisition of an office building, replacement of critical campus utilities and infrastructure. Bond proceeds were also used to refinance certain bonds previously issued by WHEFA in 2014. This tax-exempt financing enabled Lawrence University to operate more effectively by financing its capital expenses at a low interest rate.

WHEFA is proud to continue its mission of serving all eligible Wisconsin nonprofit organizations by providing access to tax-exempt financing to fund their capital improvement and expansion needs.
“Insights Into Capital Finance”, a one-day Workshop hosted by WHEFA, was held on Monday, March 27, 2023, at the Ingleside Hotel in Pewaukee, Wisconsin.

Over 135 registrants appreciated the opportunity to network in person, as well as the informative presentations about the economy, current market trends and opportunities, rating agency perspectives, unique financing opportunities, and collaboration and partnerships initiatives among nonprofit organizations and the community. Links to all presentations can be found on our website. [Workshop (whefa.com)]

Thank you to all who completed our survey, your feedback is very helpful. The survey responses were overwhelmingly positive, as indicated in the bullets below:

- **Speakers**: Over 88% of the responses were in the “Excellent” or “Above Average” category. In fact, each speaker received a weighted average score of “Above Average” or better.
- **Presentations**: Similarly, over 90% of the responses for the ‘importance and usefulness of each topic’ were “Above Average” or better.
- **Overall**: Lastly, 100% of the responses to the ‘Overall Evaluation of the Workshop’ question were either “Excellent” (61%) or “Above Average” (39%).

Thank you for taking the time to attend the Workshop! We are very pleased to know you found it enjoyable and worthwhile. We look forward to seeing you next year!

Stay tuned for future announcements, as we plan for the 2024 Workshop.

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### Recently Completed Financings

<table>
<thead>
<tr>
<th>Date</th>
<th>Borrower</th>
<th>Purpose</th>
<th>Amount</th>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/01/2023</td>
<td>Lawrence University of Wisconsin</td>
<td>Refinancing, New Money</td>
<td>$43,385,000</td>
<td>Daily Variable Rate, Unrated, Private Placement</td>
</tr>
<tr>
<td>03/07/2023</td>
<td>LindenGrove Communities, LLC</td>
<td>Refinancing, New Money</td>
<td>$37,480,000</td>
<td>Fixed Rate, Unrated, Private Placement</td>
</tr>
</tbody>
</table>
Advance refunding back in play | Bond Buyer: Tax-exempt advance refunding is back on the table. A standalone bill titled the Investing in Our Communities Act has just been introduced in the House. The bill would be an essential tool to allow state and localities to refinance existing debt by issuing tax-exempt bonds. Before the provision was knocked out in 2017, advance refunding represented about 20% of bond activity. The muni market also saw just $384 billion of debt issued in 2022, a $100 million drop from 2021’s figures and the resurgence of advance refunding could help to spur the market. "The entire public finance community is delighted that there's continued Congressional support for bringing back advance refundings in some form," said Chuck Samuels, member at Mintz Levin and counsel to the National Association of Health & Educational Facilities Finance Authorities. "Having that mechanism available provides flexibility and opportunities for great savings for governments and nonprofit borrowers."

2023 Credit and Capital Markets Outlook for Higher Education | Kaufman Hall: The main headwinds anticipated for higher education in 2023 include the following:

- **An end to stimulus funding.** Pandemic-related federal stimulus funds helped cover budget gaps at less financially stable institutions. With those funds now essentially depleted, these budget issues will come back to the fore.

- **Uncertain government support.** While state budgets did fairly well through the first years of the pandemic, the prospect of an economic slowdown or recession as the Fed cools markets and the economy means that state income and capital gains tax bases may constrict.

- **Soft enrollment trends.** Enrollment trends improved some last year, but remain below pre-pandemic levels; overall, public institutions have been more affected than private. International enrollment showed signs of recovery as well but as Fitch observes in its outlook, it remains 15% below its recent peak in 2015 – 2016.

- **Higher operating expenses.** Generally speaking, the Federal Reserve’s efforts to rein in wage inflation with its blunt instrument of interest rate hikes seem to be having mixed results, due in part to persistent issues with labor participation.

- **Limited opportunities for tuition increases.** All three rating agencies see limited opportunities for tuition increases.

- **Uncertain investment returns.** A potential recession, continued tightening of the Federal Reserve’s monetary policy, and inflation concerns may result in sideways or downward pressure on investment returns in 2023.

- **A higher interest rate environment.** Markets anticipate that the Federal Reserve will continue to raise interest rates early in 2023 in its ongoing efforts to reduce inflation. While rates have risen materially from a year ago, it is also worth noting that they are not abnormal by historical standards.

- **Persistent credit challenges.** For institutions with lower- to mid-range credit ratings, these challenges will range across a spectrum of outcomes, from credit downgrades to bond covenant challenges to—at worst—closures.

(Continued on page 5)
National Hospital Flash Report: March 2023 | Kaufman Hall: Hospital finances are beginning to stabilize as razor thin margins become the new normal. The high level of variance that plagued hospital margins over the past three years is beginning to subside among pricing and inflationary pressures affecting expenses. The median Kaufman Hall Year-To-Date Operating Margin Index reflecting actual margins was -1.1% in February. Key Takeaways include:

- **A new normal continues to emerge.** Hospital margins in February were down slightly from the previous month. This represents the eighth straight month in which the variation in month-to-month margins has decreased relative to the last three years. Due to external economic factors, relatively flat margins are likely to continue in the near term.

- **Volumes stay relatively steady.** Due to the shorter month, discharges, patient days, and ED visits were all down slightly in February compared to January. On a per-day basis, however, hospitals experienced moderate growth in volumes in February. Average length of stay in the hospital was down, and patients continued to shift to ambulatory settings, with ambulatory surgery centers and outpatient operating rooms minutes seeing volume increases last month.

- **Outpatient settings drive revenue.** The onset of the COVID-19 pandemic kickstarted a shift in patient behavior that continues today. Patients continue to seek more of their care away from inpatient settings. This is illustrated in outpatient revenues continuing to grow in early 2023.

- **Costs of goods and services are increasing faster than labor.** Hospitals continue to face labor shortages. Labor expenses, however, appear to be holding steady indicating less dependence on contract labor. Meanwhile, inflation and pricing pressures are leading to significant cost increases in goods and services. This represents a change in what is driving hospital expenses from labor to the costs of goods and services.

Senior Living Tech Investment Priorities Trending Back to Pre-Pandemic Era - Senior Housing News: The senior living industry is trending toward pre-pandemic norms — or at least, its priorities in technology are. That’s according to a new report from Chicago-based investment bank Ziegler. Almost three-quarters of respondents (74%) reported investing in high-speed connectivity. More than half (54%) said they are investing in EHR or EMR systems, while 51% reported investing in electronic point-of-care service documentation. A little under half of the respondents reported making IT investments around workforce or staffing scheduling systems, and the same percentage said the same about wander management systems. Those investment areas looked much different than the pandemic’s early days in 2020, when 75% of executives reported investments in video conferencing capabilities; 71% reported bolstered internet infrastructure; 57% invested in social networking, 45% invested in infection control. In 2022, resident health was also top of mind for operators as 19% of those surveyed invested in brain health and cognitive simulation technologies, along with 16% of executives reported investment in medication management technologies. Staffing issues have long-plagued operators, but they evolved in 2020 with the pandemic. That resulted in an increase in care coordination and staffing tech investment, with 23% of executives reporting investments in health IT solutions and 16% investing in shared care planning and care coordination tools. Since 2020, investment in automation and artificial intelligence is also on the rise, with 33% of executives reporting investment in AI-driven data tools and 20% in robotics.
Words of Wisdom

◊ If you find yourself in a hole, stop digging.
◊ Eventually you will reach a point when you stop lying about your age and start bragging about it.
◊ If you don't learn to laugh at trouble, you won't have anything to laugh at when you're old.
◊ The quickest way to double your money is to fold it and put it back into your pocket.
◊ Good judgment comes from experience, and a lot of that comes from bad judgment.
◊ People may forget what you say, but they will always remember how you made them feel.
◊ Remember, once you are over the hill you begin to pick-up speed.

Fun Facts

◊ The Milwaukee Brewers baseball park is the only baseball stadium that sells more bratwurst than hot dogs.
◊ Wisconsin farms produce 1.2 billion eggs each year. Plenty for Easter Egg hunts.
◊ Wisconsin has 17.1 million acres of forest, covering nearly half of the state.
◊ 95% of the ginseng crop in the U.S. is grown in Marathon County.
◊ A portion of the Fox river flows north, making it one of the only rivers in the nation with water flowing north.
◊ Door County has more state parks (five) than any other county in the entire nation.
WHEFA’s mission is to assist all eligible Wisconsin nonprofit organizations by providing access to tax-exempt financing to fund 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: 961 financings totalling in excess of $31 billion
- Acute Care - 49%
- Senior Living - 27%
- Education - 16%
- Other - 8%

as of 12/31/2022