D.A. Davidson & Co.

Wisconsin Health and Educational Facilities Authority's

2025 Insights Into Capital Finance Workshop

The State of Senior Living

September 30, 2025

Municipal Market Update

Legislative and Policy News

- While the passage of the "One Big Beautiful Bill Act" (OBBBA) in mid-2025 kept the tax exemption for municipal bonds intact, municipal bond investors remain focused on legislative developments (revisions to the SALT deduction, changes in private activity bond rules, Medicaid funding reforms, concerns over delayed disclosure standards, and the possible return of advance refunding).

Economic Drivers and Indicators

- After last week's Fed rate cut, the U.S. municipal bond market saw mixed but broadly stabilizing performance.
- AAA municipal bond yields declined modestly, especially in the front end of the curve, as rate expectations shifted.

Issuance & Supply

- According to SIFMA, as of mid-September 2025, municipal bond issuance has surpassed $400 billion, setting a record-breaking pace for the year.
- The Bond Buyer's 30-day visible supply is now hovering around $12B, a positive indicator, as new-money issuance has been light in advance of the FOMC decision later this week.

Municipal Fund Flows

- Last Thursday, Lipper reported fund inflows of $1.045 billion for the week ending 09/17/2025 compared to inflows of $2.181 billion the prior week.
- The High Yield muni bond funds saw inflows of $424.8 million compared to last week's inflows of $1.064 billion.

Municipal Credit

- The default rate for U.S. municipal bonds remains extremely low – around 0.11% in 2024.
- Upgrades continue to outpace downgrades across the broader muni universe, but by a much narrower margin than in prior years.

Source: D.A. Davidson & Co Fixed Income

Senior Living Sector Update: FitchRatings

- FitchRatings currently rates 162 Life Plan Communities (LPCs) as of August 28, 2025.
  - Only 116 of these providers are investment grade (above BBB-)
  - The median rating is BBB (only 32 communities or 20% are in the A category)

- Wisconsin has 2 rated communities:
  - Saint John's Communities (BBB Positive)
  - Three Pillars (BBB- Stable)

- These are entrance fee communities rather than rental communities.

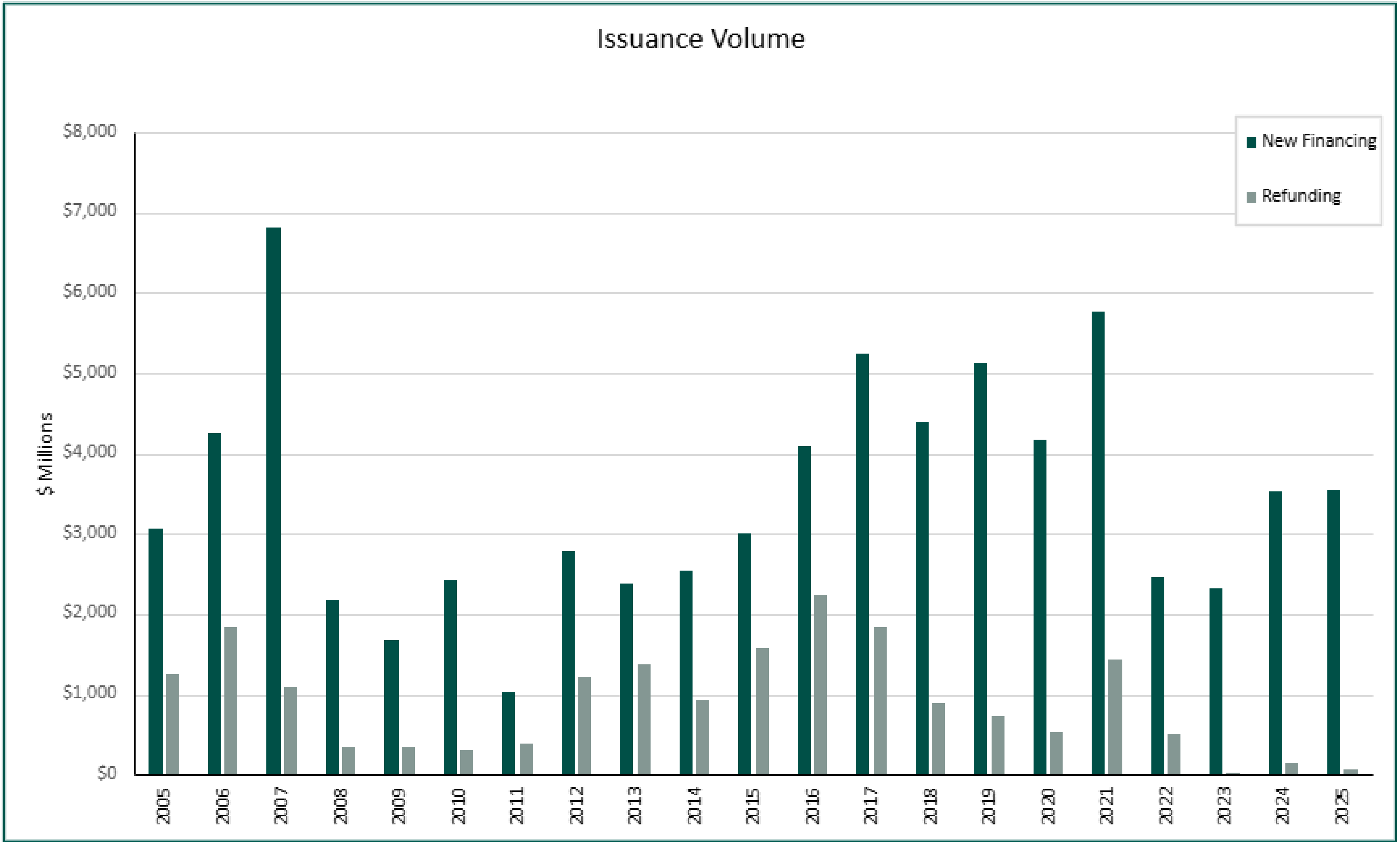
- Sector shows signs of stability in occupancy across all service lines as well as key financial metrics (coverage and liquidity).

- These communities are highly sensitive to home values/sales which remain strong (month to month price gains since February 2023), despite higher interest rates.

- Communities with a heavy dependence on higher acuity care, particularly skilled nursing, continue to struggle due to wage and staffing pressures.
  - A higher number of skilled nursing beds in the overall unit mix has led to default in certain cases since exposure to governmental payors limits rate increases versus those LPCs that have a significant number of independent living units which are private pay.

Source: U.S. Not-For-Profit Life Communities Median Ratios Monitor: 2025 dated September 10, 2025

Senior Living Issuance Volumes

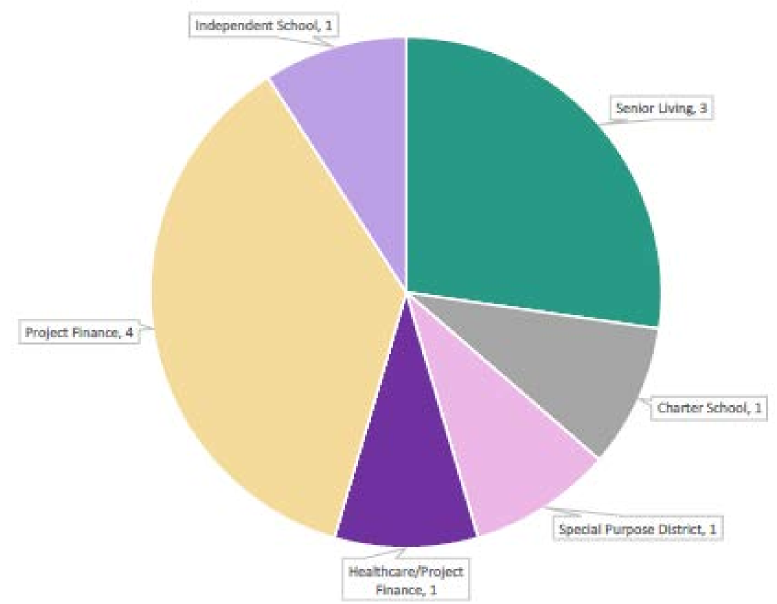


Source: Refinitiv SDC Platinum

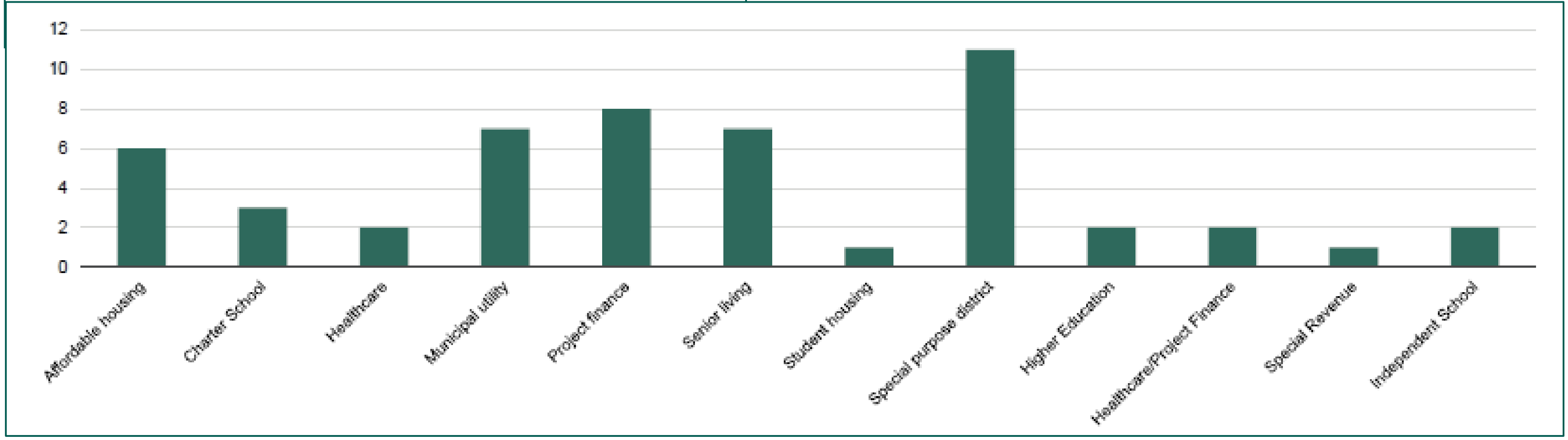
Municipal Bond Defaults and Stress

- The pandemic impacted the senior living industry mainly via occupancy challenges as well as margin pressure resulting from wage increases and staffing shortages on the higher acuity end of the continuum (primarily skilled nursing).
- While Moody's purports that no rated Senior Living transaction has defaulted since 1970, instances of distress and covenant/payment default among non-rated transactions is on the rise.
- That said, senior living default rates have been falling steadily since January 2024.

New Municipal Bond Defaults by Sector, Q1 2025



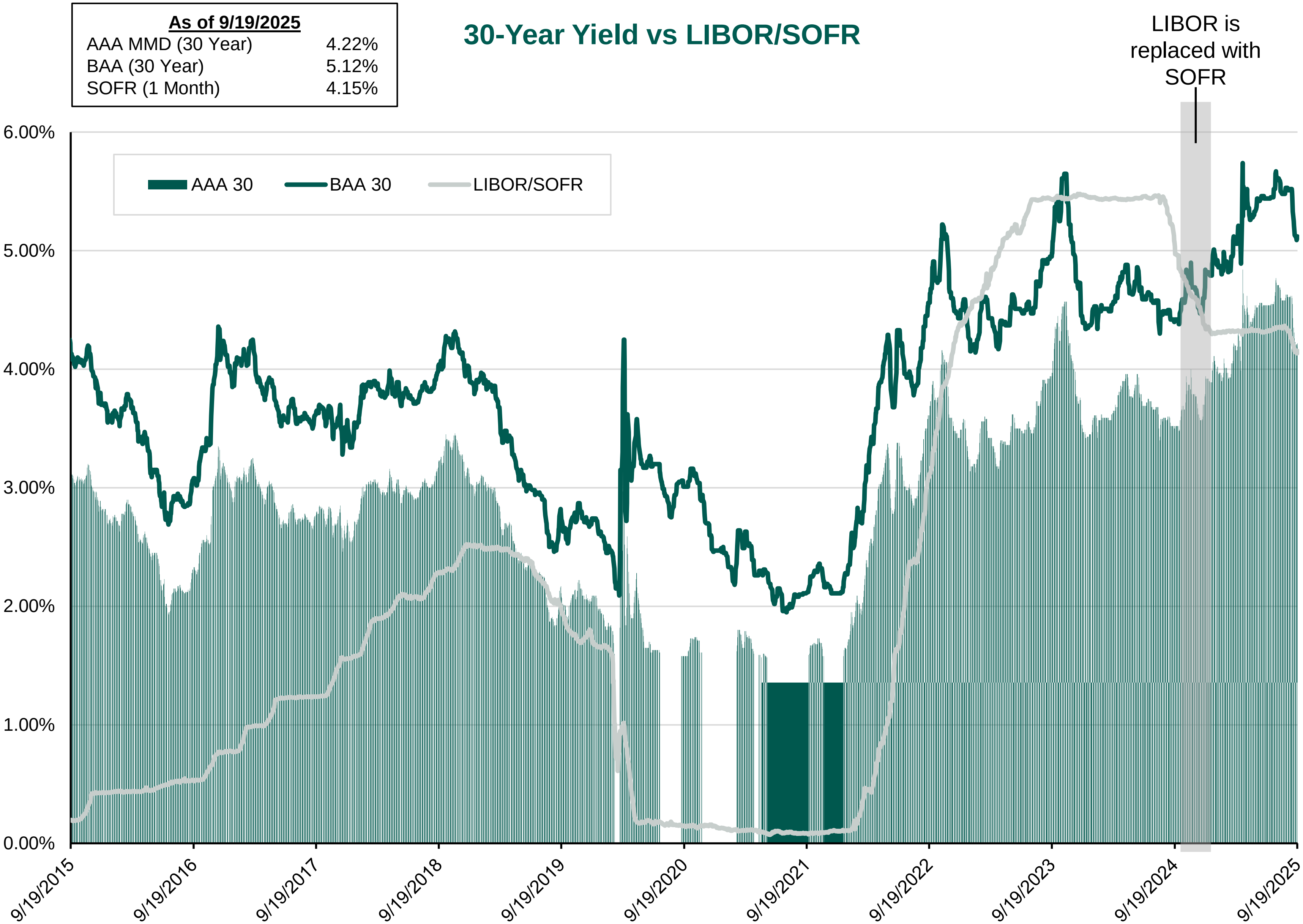
Issuers with Material Events in Q1 Were Concentrated Among Special Purpose Districts, Project Finance, and Affordable & Senior Facilities



Sources: Electronic Municipal Market Access and Moody's Ratings

Historical Muni Market Rates and Spreads

As of 9/19/2025	
AAA MMD (30 Year)	4.22%
BAA (30 Year)	5.12%
SOFR (1 Month)	4.15%



Source: ICE Core High Yield & Unrated Municipal Index, TM3

Recent WHEFA Senior Living Transactions

Chiara Housing & Services, Inc.

$81,500,000

New Money
Acquisition | Construction
Menomonee Falls

May 2025

Chiara Housing & Services, Inc.

New Money
Acquisition
Brookfield, Cottage Grove, Grafton, Madison, Milwaukee, Port Washington

December 2024

BETHANY LUTHERAN HOMES
A GUNDERSEN HEALTH SYSTEM AFFILIATE

$20,625,000

New Money
Onalaska

November 2024

presbyterian homes & services

$36,473,660

New Money
Kirkland Crossings
Pewaukee

August 2024

presbyterian homes & services

$52,755,000

New Money
PHW Menomonee Falls
Menomonee Falls

June 2024

Woodside Senior Communities
A Lutheran heritage. Serving all faiths.

$35,605,000

New Money
Active Adult
Ashwaubenon

May 2024

Three Pillars SENIOR LIVING COMMUNITIES

$108,295,000

New Money
Active Adult, Independent
Dousman

April 2024

LindenGrove Communities

$37,480,000

New Money
Acquisition | Construction
Menomonee Falls, Mukwonago, New Berlin, Waukesha

March 2023

LUTHER MANOR
A Life Plan Community

$16,750,000

New Money
Renovation
Wauwatosa

November 2022

cedar community

$41,000,000

New Money
West Bend

October 2022

SAINT JOHN'S ON THE LAKE

$25,945,000

Forward Refunding
Milwaukee

September 2022

Source: Wisconsin Health and Educational Facilities Authority

2025 National NFP Senior Living Transactions

Life Enriching Communities (OH) Refunding New Money **$88.30M** September 2025	**Residence at Skyway Park (CO)** Refunding **$4.02M** August 2025	**Salem Home (KS)** Acquisition and Renovation **$2.68M** August 2025	**Fleet Landing at Nocatee (FL)** Start Up New Construction **$332.71M** August 2025	**Sunrise of Long Beach (CA)** Start Up New Construction **$80.07M** August 2025	**HumanGood (CA)** Refunding **$67.23M** July 2025	**Oak Hammock at the Univ of FL (FL)** Start Up New Construction **$80.07M** July 2025
Sequoia Living (CA) Refunding Capital Ex **$53.68M** July 2025	**Legacy Midtown Park (TX)** Refunding Capital Ex **$72.54M** July 2025	**Care Communities (MA)** Acquisition **$256.12M** July 2025	**Augustana Chapel View Homes (MN)** Replacement SNF Construction **$33.73M** June 2025	**Orlando Senior Health Network (FL)** Renovation Capital Improvements **$25.00M** June 2025	**Jewish Home Moderate Housing (NY)** New Money **$26.00M** May 2025	**Masonic Villages (PA)** Refunding **$44.48M** May 2025
Immanuel Living at Buffalo Hill (MT) Refunding Construction **$50.88M** May 2025	**Western Sky Comm Care (NE)** Construction **$5.50M** May 2025	**Indiana Masonic Home (IN)** Refunding Expansion **$51.38M** May 2025	**Pinecrest Country Manor (MN)** Refunding New Construction **$44.67M** May 2025	**Jewish Association of Aging (PA)** Renovation **$13.00M** May 2025	**Chiara Housing & Services (WI)** Acquisition Construction **$81.25M** May 2025	**Bethesda Senior Living Comm (CO)** Renovation **$39.24M** May 2025
Twin Lakes Community (NC) Expansion **$35.31M** April 2025	**Millenia Orlando (FL)** Start Up New Construction **$134.26M** April 2025	**Lasell Village (MA)** Refunding Renovation **$134.85M** April 2025	**Wesley Retirement Services (IA)** Renovation **$30.00M** April 2025	**Covenant Living Com & Svc (CO)** Refunding Renovation **$146.40M** March 2025	**Mozaic Concierge Living (CT)** Start Up New Construction **$333.40M** March 2025	**Acts Retirement Life Comm (FL|PA)** Refunding Renovation **$163.10M** March 2025
Superior Living Foundation (TX) Acquisition **$247.31M** March 2025	**ISF – Ativo (AZ|CA)** Start Up New Construction **$239.68M** March 2025	**Bella Vida Forefront Liv (TX)** Start Up New Construction **$230.25M** March 2025	**Westminster Project (TX)** Refunding Expansion **$83.94M** February 2025	**Sunrise Manhattan Beach (CA)** Start Up New Construction **$123.09M** February 2025	**Fairview (CT)** Bond Anticipation Notes **$7.50M** January 2025	**Luthercare (PA)** Refunding **$31.52M** January 2025

Source: LSEF Data & Analytics 2025 Public Municipal Issuance January 1, 2025 to September 18, 2025

D.A. Davidson Fixed Income Finance

55 Public Finance Bankers and 22 Analysts support raising billions of dollars of capital through fixed income banking and advisory services in communities across the U.S. for:

- State and Local Government
- Development & Real Estate
- Special Districts
- Energy & Utilities
- Healthcare & Senior Living
- Project Finance
- Tribal Financing
- Education
- And More

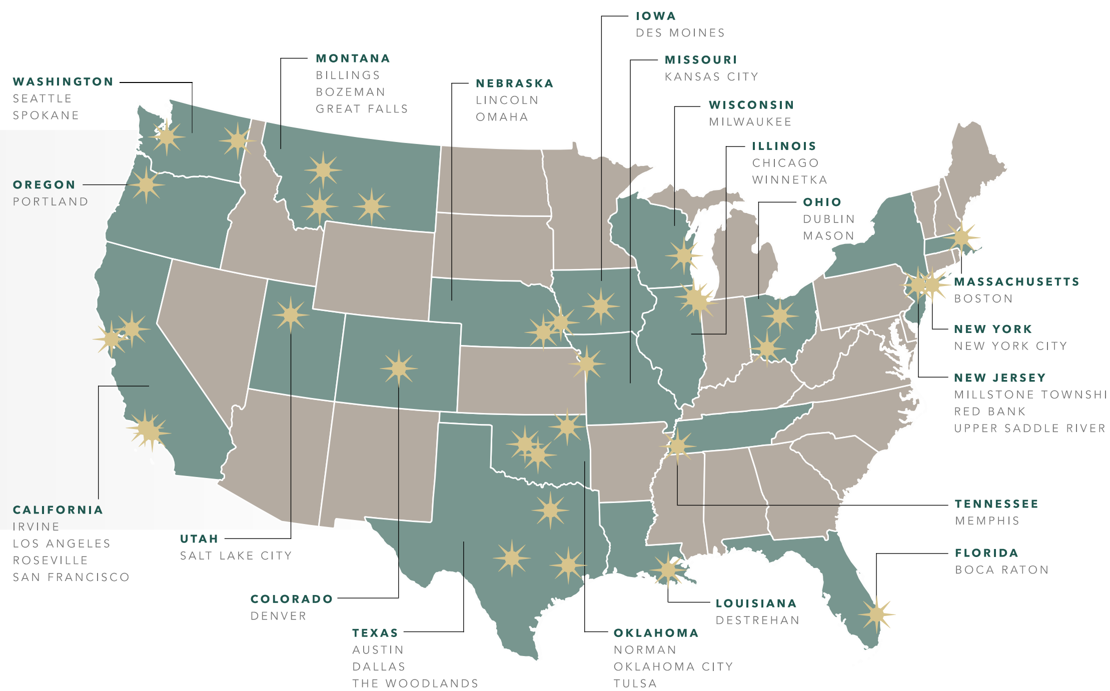
43 Sales Professionals and 22 Traders offering a broad range of products:

- U.S Treasuries
- Government Agencies
- Mortgage-Backed Securities
- Corporate Bonds
- Certificates of Deposit
- Municipal Bonds
- Collateralized Mortgage Obligations
- And More

180 EMPLOYEES

20 STATES

28 LOCATIONS



Romy McCarthy, Managing Director
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Romy McCarthy joined D.A. Davidson in 2022, bringing more than 30 years of capital raising expertise, specializing in healthcare and senior living finance.

Ms. McCarthy has worked with an array of healthcare and senior living clients including hospitals, health systems, clinics, continuing care retirement communities, nursing homes, and assisted living providers. She has also arranged capital or advised on the acquisition of other structured housing projects with higher education institutions and affordable housing providers.

She has completed more than 130 transactions in excess of $4.7 billion for organizations nationally. Following the housing crisis, an innovative transaction led by Ms. McCarthy was awarded The Bond Buyer's "Midwest Deal of the Year."

Ms. McCarthy works with both for-profit and non-profit organizations and her scope of services includes mergers, acquisitions and affiliations as well as sourcing debt and equity capital.

Prior to joining D.A. Davidson, McCarthy was a Managing Director at Piper Sandler and a Director of Ziegler Capital Markets Group.

Ms. McCarthy earned a bachelor's degree in business administration with an emphasis in finance from Carroll University (Waukesha, Wisconsin) and a Master of Business Administration degree from Marquette University (Milwaukee, Wisconsin). She is an active participant and sponsor of LeadingAge and holds her Series 7, 50, 53 and 63 licenses.