



September 10, 2013

\$7,000,000 (not-to-exceed amount)
YMCA of Rock River Valley

REQUEST	<p>Purpose: Bond proceeds will be used by YMCA of Rock River Valley, an Illinois not-for-profit corporation (“YMCA” or the “Borrower”), to refinance (through the repayment of an interim taxable loan) the payment of the costs of (i) constructing, acquiring, renovating, remodeling, improving, furnishing and equipping of certain facilities, including a 60,000 square foot health and recreational facility, owned and operated by the Borrower and located at 8451 Orth Road, Loves Park, Illinois, and other facilities owned and operated by the Borrower and located at 200 Y Boulevard, Rockford, Illinois (collectively, the “Project”), (ii) the payment of costs of issuance of the Bond, and (iii) if deemed necessary or desirable, working capital expenditures related to the Project (the “Financing Purposes”).</p> <p>Program: 501(c)(3) Revenue Bonds Extraordinary Conditions: None. No IFA Funds at risk. No State Funds at risk.</p>								
BOARD ACTION	Final Bond Resolution (<i>One-time consideration</i>)								
MATERIAL CHANGES	None. This is the first time this financing proposal has been presented to the IFA Board of Directors.								
JOB DATA	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">416 Current jobs</td> <td style="width: 50%;">47 New jobs projected (<i>1 to 2 years</i>)</td> </tr> <tr> <td>40 Retained jobs</td> <td>N/A Construction jobs projected</td> </tr> </table>	416 Current jobs	47 New jobs projected (<i>1 to 2 years</i>)	40 Retained jobs	N/A Construction jobs projected				
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BORROWER DESCRIPTION	<ul style="list-style-type: none"> ● Type of entity: The YMCA focuses on strengthening the spiritual, mental and physical well-being of the citizens of the greater Rockford area. YMCA of the Rock River Valley has been in existence for 127 years (incorporated 8/30/1886) and has operated out of its flagship 200 Y Blvd. facility in Rockford since 1959. The Y Blvd. facility is utilized for many different afterschool and weekend programs, has two swimming pools, 15 racquetball courts, 3 basketball courts, a climbing wall, two other gymnasiums, a running track, fitness center, weight room and locker rooms. Memberships are offered on family, adult and child level. YMCA of Rock River Valley also operates after care programs in over 20 Rockford area schools. ● In 2007, construction began on a new facility in suburban Loves Park (Northeast Family YMCA). Although this facility is smaller than its “flagship” Y Blvd. facility, it offers the same amenities. ● Locations: Rockford and Loves Park/Winnebago County/Northern Stateline Region 								
CREDIT INDICATORS	<ul style="list-style-type: none"> ● YMCA of Rock River Valley is a non-rated entity. ● The IFA 501(c)(3) Revenue Bond (YMCA of Rock River Valley Project), Series 2013 will be purchased directly by BMO Harris Bank, N.A. (the “Bank” or “Bond Purchaser”). The Bank will be the secured lender and the direct bond investor. 								
SECURITY	<ul style="list-style-type: none"> ● The Bank will be collateralized by a first security interest in the business assets of the Borrower and a first-priority mortgage and an assignment of rents and leases in connection with the following real properties of the Borrower, located at: (i) 200 Y Blvd., Rockford, IL (“I.D. Pennock Family YMCA”) and (ii) 8451 Orth Rd, Loves Park, IL (“Northeast Family YMCA”). 								
MATURITY	<ul style="list-style-type: none"> ● Not-to-exceed 30 Years 								
INTEREST RATE	<ul style="list-style-type: none"> ● BMO Harris Bank, N.A. will establish an interest rate with an initial term of 7 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 2.25% and 3.25%. 								
SOURCES AND USES ESTIMATED	<table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left;">Sources:</th> <th style="text-align: left;">Uses:</th> </tr> </thead> <tbody> <tr> <td>IFA Bonds <u>\$7,000,000</u></td> <td>Term Loan Refinancing \$6,750,000</td> </tr> <tr> <td></td> <td>Costs of Issuance <u>250,000</u></td> </tr> <tr> <td>Total \$7,000,000</td> <td>Total \$7,000,000</td> </tr> </tbody> </table>	Sources:	Uses:	IFA Bonds <u>\$7,000,000</u>	Term Loan Refinancing \$6,750,000		Costs of Issuance <u>250,000</u>	Total \$7,000,000	Total \$7,000,000
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Total \$7,000,000	Total \$7,000,000								
RECOMMENDATION	Credit Review Committee recommends approval.								

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 10, 2013**

Project: YMCA of Rock River Valley

STATISTICS

IFA Project:	N-NP-TE-CD-8642	Amount:	\$7,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Rockford and Loves Park	Counties/ Region:	Winnebago/Northern Stateline

BOARD ACTION

Final Bond Resolution (*One-time consideration*)
Conduit 501(c)(3) Revenue Bonds No IFA funds at risk
Credit Review Committee recommends approval No extraordinary conditions

VOTING RECORD

Not applicable. This is the first time this financing has been presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **YMCA of Rock River Valley**, an Illinois not-for-profit corporation (“**YMCA**” or the “**Borrower**”), to refinance (through the repayment of an interim taxable loan) the payment of the costs of (i) constructing, acquiring, renovating, remodeling, improving, furnishing and equipping of certain facilities, including a 60,000 square foot health and recreational facility, owned and operated by the Borrower and located at 8451 Orth Road, Loves Park, Illinois, and other facilities owned and operated by the Borrower and located at 200 Y Boulevard, Rockford, Illinois (collectively, the “**Project**”), (ii) the payment of costs of issuance of the Bond, and (iii) if deemed necessary or desirable, working capital expenditures related to the Project (the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects supporting their mission. The IFA’s issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment:	416	Projected new jobs:	47** (1 to 2 years)
Jobs Retained:	40	Construction jobs:	N/A

**Note: In Year 1 after the IFA bond issuance, job growth is tied to a child development program called Little Learners. In Year 2, job growth is tied to two new programs focused on (i) obesity/health/eating and (ii) community-based social psychology. The Borrower has estimated that savings attributable to this refinancing (and its other expense control initiatives) will help retain 40 jobs.

SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$7,000,000</u>	Term Loan Refinancing*	\$6,750,000
		Costs of Issuance	<u>250,000</u>
Total	\$7,000,000	Total	\$7,000,000

*Note: The project was originally financed through the issuance of conduit, tax-exempt Winnebago County, Illinois Adjustable Rate Revenue Bonds (YMCA of Rock River Valley Project), Series 2006, in an aggregate principal amount of \$8,000,000 (the “**2006 Bonds**” or “**7-Day Floaters**”), that were credit enhanced by a Direct-Pay Letter of Credit from Amcore Bank, N.A. (the “**LOC Bank**”).

In December 2008, Amcore Bank, N.A. originated a taxable term loan to facilitate the Borrower’s full redemption of the 2006 Bonds because the LOC Bank had experienced a credit rating downgrade as a result of the 2007-2008 credit crisis.

Ultimately, BMO Harris Bank, N.A. succeeded Amcore Bank as the secured lender of the 2008 taxable term loan upon its FDIC-brokered acquisition of Amcore Bank, N.A. in April 2010.

The Borrower had applied proceeds of the original Series 2006 Bonds, together with additional funds, as follows:

Acquisition of Land	\$213,000
Construction of Loves Park Facility	10,290,000
Construction of Improvements at Rockford Facility	560,000
Costs of Issuance	<u>133,000</u>
Total	\$11,196,000

FINANCING SUMMARY

Structure/ Security:	The Bond will be purchased directly by BMO Harris Bank, N.A. (the “ Bank ” or “ Bond Purchaser ”). The Bank will be collateralized by a first position security interest in the business assets of the Borrower and a first-priority mortgage and an assignment of rents and leases in connection with the following real properties of the Borrower, primarily located at: (i) 200 Y Blvd., Rockford, IL (“ I.D. Pennock Family YMCA ”) and (ii) 8451 Orth Rd, Loves Park, IL (“ Northeast Family YMCA ”).
Interest Rate:	The Bank will set the interest rate for an initial period of 7 years with reset provisions thereafter. The interest rate will be set at pre-closing based on prevailing market conditions, currently estimated at between 2.25% and 3.25%.
Maturity:	2043 (i.e., not-to-exceed 30 years)
Estimated Closing Date:	September 2013
Rationale:	The new IFA issued Bank Direct-Purchase Bond will enable the Borrower to resume borrowing at a tax-exempt rate and extend the principal amortization schedule, thereby reducing future debt service payments. The Borrower will be able to redirect improved cash flow resulting from this refinancing to support various programming initiatives throughout its Winnebago County service area.

BUSINESS SUMMARY

Background: **YMCA of Rock River Valley, an Illinois not-for-profit corporation (“YMCA” or the “Borrower”)** was incorporated under Illinois law in August 1886 and is a 501(c)(3) corporation.

The Borrower is currently governed by a 19-member Board of Directors. (Please see the Economic Disclosure Statement on pages 5-6 for further information.)

History and
Background on
YMCA -

International: The Young Men's Christian Association (commonly known as “YMCA” or simply the “Y”) is a worldwide organization with more than 58 million beneficiaries from 125 national associations. It was founded on June 6, 1844 in London and aims to put Christian principles into practice by developing a healthy "body, mind and spirit". The various local YMCAs are voluntarily affiliated through their national organizations. The national organizations in turn are part of both an Area Alliance and the World Alliance of YMCAs. The World Alliance is headquartered in Geneva, Switzerland.

Originally, the YMCA focused on both promoting good sportsmanship in athletic contests in gymnasiums (where basketball and volleyball were invented) and swimming pools, while promoting evangelical Christianity in religious services. Beginning in the 1930s and continuing to the present, the YMCA de-emphasized sponsorship of specific religious beliefs and, instead, focused promoting character development by supporting morality and good citizenship while inspiring youths and their families to exercise and undertake healthful living practices.

Nationally, there are more than 2,600 local YMCAs located throughout the U.S.

Background on
YMCA of Rock
River Valley:

The YMCA of Rock River Valley is an independent, autonomous organization with its own governing board, professional staff, and financial resources.

YMCA of Rock River Valley is a full service YMCA serving Winnebago County with 7 YMCA branch facilities. More than 35,000 individuals comprise respective the YMCA of Rock River Valley community.

The YMCA of Rock River Valley continues to grow and expand to better serve its members and participants by providing programs or services in areas of Youth, Health and Social Responsibilities.

The mission of YMCA of Rock River Valley is to connect and engage people to enhance lives and build community collaboration, with the following Areas of Impact:

- **Health** –help people grow healthier in spirit, mind and body
- **Families** –strengthen relationships between children and their parents and other adults who care for them
- **Relationships** –foster social interaction and caring
- **Bridge Building** –bring diverse individuals, groups, organizations, and communities together for sharing, problem solving, and mutual support
- **Servant Leadership** – we will challenge individuals to work to improve their community and all of the Rock River Valley area.

General information on the two facilities that were financed with proceeds of the original Winnebago County Series 2006 Bonds follow below:

1. The I.D. Pennock Family YMCA, located at 200 Y Blvd in Rockford, has many activities and programs for families and is the Borrower's largest facility. This facility is equipped with an aerobic training center and strength training center, indoor track, personal training studio, six racquetball courts, two indoor pools (lap pool and family fun pool), full service locker rooms, steam rooms, two gymnasiums, youth fitness center, child watch, and café. Additionally, The I.D. Pennock YMCA offers wellness, fitness, and exercise classes.
2. The Northeast Family YMCA, located at 8451 Orth Road in Loves Park is the newest facility in YMCA of Rock River Valley's network. The Northeast Family YMCA is equipped with a training center, wellness, fitness, and exercise classes, indoor pool, locker rooms, gymnasium, youth and family center, youth fitness center, child watch and more. Northeast Family YMCA also offers physical therapy and rehabilitation services on-site through a partnership with Swedish American Health System, which leases approximately 2,600 square feet of space from YMCA of Rock River Valley. (Please see the Economic Disclosure Statement on pages 5-6 for further information.)

On June 9, 2013, YMCA of Rock River Valley officially kicked off a 10-year, \$20 million capital campaign to reinvest in the future of the community. The goal of this campaign is to raise \$2 million per annum for the next 10 years. Projects will proceed as enough funds are raised. Anonymous donations have already surpassed \$1 million. As a result, one of the first projects to be launched is a new youth interactive center at the I.D. Pennock Family YMCA in Downtown Rockford.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **YMCA of Rock River Valley**, an Illinois not-for-profit corporation ("YMCA" or the "**Borrower**"), to refinance (through the repayment of an interim taxable loan) the payment of the costs of (i) constructing, acquiring, renovating, remodeling, improving, furnishing and equipping of certain facilities, including a 60,000 square foot health and recreational facility, owned and operated by the Borrower located at 8451 Orth Road, Loves Park, Illinois, and other facilities owned and operated by the Borrower located at 200 Y Boulevard, Rockford, Illinois (collectively, the "**Project**"), (ii) the payment of costs of issuance of the Bond, and (iii) if deemed necessary or desirable, working capital expenditures related to the Project (the "**Financing Purposes**").

ECONOMIC DISCLOSURE STATEMENT

Applicant: **YMCA of Rock River Valley**, 220 East State Street, Rockford, IL 61104

Contact: Mike Brown, President and Chief Executive Officer
(T): 815/489-1268; (E-mail): mbrown@rockriverymca.org

Website: www.rockriverymca.org

Project name: IFA Series 2013 Bonds (YMCA of Rock River Valley Project)

Locations: The initial owner, operator or manager of the facilities being financed or refinanced with the proceeds of the Bonds is the Borrower. All of the facilities to be financed or refinanced with the proceeds of the Bonds will be located at the following addresses: 200 Y Boulevard, Rockford Illinois 61107 and 8451 Orth Road, Loves Park, Illinois 61111.

Organization: Illinois 501(c)(3) not-for-profit corporation

Board of

Directors: David Anderson - Spring Creek Partners
 Mike Broski - Entre Computer Solutions
 Amy Diaz - Rock Valley College
 Michael Doar - Hurco Companies
 Earl Dotson, Jr. - Rockford Public Schools
 Rick Engen - Pharmaceuticals (Retired)
 Einar Forsman - Rockford Chamber of Commerce
 Roberta Holzwarth - Holmstrom & Kennedy
 Dr. Martin Lipsky - University of IL, College of Medicine
 Lesley Medrano - SwedishAmerican Health System
 Richard Mowris - Rockford Products
 Amy Ott - Chicago Rockford International Airport
 Dan Parod - Rockford Health Systems
 Brent Scott - JPMorgan Chase
 David Stenerson - OSF St. Anthony Medical Center
 Suzi Sullivan - Teacher (Retired)
 Stacie Scott - Rockford Park District
 Tom Wieland - Rock Valley Oil & Chemical
 Bill Zibell - Banker (Retired)

Tenant:

Loves Park Facility (8451 Orth Rd.) -

Northeast Family YMCA

Lessee:

Swedish American Health Systems Corporation, an Illinois not-for-profit corporation, 8451 Orth Road, Loves Park, IL 61111. Contact: Mr. Donald Haring, Vice President, Finance and Treasurer; Phone: (815) 961-2386. (Swedish American leases approximately 2,600 square feet of space at the Northeast Family YMCA facility.)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Howard, Hardyman and Worden, LLP	Rockford, IL	Curt Worden
Auditor:	Sikich LLP	Rockford, IL	
Bond Counsel:	Ungaretti & Harris LLP	Chicago, IL	Julie Seymour
Bank/Direct			
Bond Purchaser:	BMO Harris Bank, N.A.	Rockford, IL	Michele Petrie
Bank/Purchaser's Counsel:	Chapman & Cutler LLP	Chicago, IL	Carol Thompson
IFA Counsel:	Miller, Hall & Triggs, LLC	Peoria, IL	Richard Joseph
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

LEGISLATIVE DISTRICTS

	I.D. Pennock Family YMCA	Northeast Family YMCA
Congressional:	17	16
State Senate:	34	35
State House:	67	69