



\$69,615,000 – FINAL ISSUANCE AMOUNT – CLOSED 9/30/2016

PAB CONDUIT

August 11, 2016

\$70,000,000

The Moorings of Arlington Heights, LLC

REQUEST	<p>Purpose: Bond proceeds, together with other available funds, will be used by The Moorings of Arlington Heights, LLC (“Borrower”) to: (i) fund the construction of Fellowship Hall, a 27,000 sq. ft. resident commons area, (ii) fund the construction of a 73-unit assisted living expansion, (iii) fund the construction of a 20-unit Memory Care expansion (collectively “the Project”), (iv) fund interest on the Bonds for a period of approximately 24 months, and (v) pay costs of issuance.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																				
BOARD ACTIONS	<p>Final Bond Resolution Voting Record (July 14, 2016 – Preliminary Bond Resolution – 12 Yeas; 0 Nays; 0 Abstain; 3 Absent (O’Brien, Tessler, Yonover); 0 Vacancies</p>																				
MATERIAL CHANGES	<p>Projections for 2017 through 2020</p>																				
JOB DATA <i>(FOR THE MOORINGS ONLY)</i>	<table border="0"> <tr> <td>315</td> <td>Current jobs</td> <td>50</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>85</td> <td>Construction jobs projected (30 months)</td> </tr> </table>	315	Current jobs	50	New jobs projected	N/A	Retained jobs	85	Construction jobs projected (30 months)												
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DESCRIPTION	<ul style="list-style-type: none"> • Location: Arlington Heights • On December 1, 2015 Presbyterian Homes, a newly formed Illinois not-for-profit corporation formerly named PH Transition NFP (the “Corporation”) became the sole member directly or indirectly of six subsidiaries, one of which is the Borrower, (collectively with the Corporation, the “System”), which together provide residential and health care programs for older adults in Illinois. The System is headquartered in Evanston, Illinois, a suburb north of Chicago, and currently serves approximately 1,600 older adults through its five facilities and various programs in the Chicago Metropolitan Area. • Presbyterian Homes traces its history back to 1904 when the Chicago Presbytery created a senior living community—one of the oldest in Illinois. The System has expanded significantly since 1922 to the present day. 																				
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Bonds will be a direct bank purchase by First Midwest Bank and Huntington Bank. 																				
SECURITY	<ul style="list-style-type: none"> • Gross revenue pledge, mortgage and master notes under a master indenture. Covenants and other legal provisions are expected to be consistent with those in use for similar financings. 																				
MATURITY	<ul style="list-style-type: none"> • Bonds will mature no later than 2046. 																				
SOURCES AND USES Estimated	<table border="0"> <thead> <tr> <th colspan="2">Sources:</th> <th colspan="2">Uses:</th> </tr> </thead> <tbody> <tr> <td>2016 IFA Bonds</td> <td>*\$68,380,000</td> <td>Project Fund</td> <td>\$76,592,262</td> </tr> <tr> <td>Foundation Capital Campaign</td> <td>\$3,500,000</td> <td>Funded Interest (24 Months)</td> <td>\$3,310,012</td> </tr> <tr> <td>Borrower Equity</td> <td><u>\$9,376,933</u></td> <td>Costs of Issuance</td> <td><u>\$1,354,659</u></td> </tr> <tr> <td>Total</td> <td><u>\$81,256,933</u></td> <td>Total</td> <td><u>\$81,256,933</u></td> </tr> </tbody> </table> <p>*Estimated</p>	Sources:		Uses:		2016 IFA Bonds	*\$68,380,000	Project Fund	\$76,592,262	Foundation Capital Campaign	\$3,500,000	Funded Interest (24 Months)	\$3,310,012	Borrower Equity	<u>\$9,376,933</u>	Costs of Issuance	<u>\$1,354,659</u>	Total	<u>\$81,256,933</u>	Total	<u>\$81,256,933</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																				

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 July 14, 2016**

Project: The Moorings of Arlington Heights, LLC

STATISTICS

Project Number:	12353	Amount:	\$70,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Locations:	Arlington Heights	County/Region:	Cook County/Northeast Region

BOARD ACTION

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

VOTING RECORD

Final Bond Resolution
 Voting Record (July 14, 2016 – Preliminary Bond Resolution – 12 Yeas; 0 Nays; 0 Abstain; 3 Absent (O’Brien, Tessler, Yonover); 0 Vacancies

PURPOSE

The proceeds will be used by **The Moorings of Arlington Heights, LLC (“Borrower”)** to: (i) fund the construction of Fellowship Hall, a 27,000 sq. ft. resident commons area, (ii) fund the construction of a 73-unit assisted living expansion, (iii) fund the construction of a 20-unit Memory Care expansion (collectively “the Project”), (iv) fund interest on the Bonds for a period of approximately 24 months, and (v) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
2016 IFA Bonds	*\$68,380,000	Project Fund	\$76,592,262
Foundation Capital Campaign	\$3,500,000	Funded Interest (24 Months)	\$3,310,012
Borrower Equity	<u>\$9,376,933</u>	Costs of Issuance	<u>\$1,354,659</u>
Total	<u>\$81,256,933</u>	Total	<u>\$81,256,933</u>

*Estimated

JOBS (for The Moorings only)

Current employment:	315	Projected new jobs:	50
Jobs retained:	N/A	Construction jobs:	85 (30 months)

FINANCING SUMMARY

Credit Enhancement:	None
Structure:	Bank direct purchase with First Midwest Bank and Huntington Bank.
Interest Rate:	To be determined on the day of pricing.
Interest Rate Modes:	Variable rate debt with an interest rate hedge.
Underlying Ratings:	The Borrower is a non-rated entity. The Bonds will be sold in \$100,000 denominations.
Maturity:	No later than 2046
Estimated Closing Date:	Third quarter of 2016.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The proceeds will be used by **The Moorings of Arlington Heights, LLC** (“**Borrower**”) to: (i) fund the construction of Fellowship Hall, a 27,000 SF resident commons area, (ii) fund the construction of a 73-unit assisted living expansion, (iii) fund the construction of a 20-unit Memory Care expansion (collectively “the **Project**”), (iv) fund interest on the Bonds for a period of approximately 24 months, and (v) pay costs of issuance.

BUSINESS SUMMARY

Background: On December 1, 2015 Presbyterian Homes, a newly formed Illinois not-for-profit corporation formerly named PH Transition NFP (the “**Corporation**”) became the sole member directly or indirectly of six subsidiaries (the “**System**”), which together provide residential and health care programs for older adults in Illinois. The System is headquartered in Evanston, Illinois, a suburb north of Chicago, and currently serves approximately 1,600 older adults through its five facilities and various programs in the Chicago Metropolitan Area. Presbyterian Homes traces its history back to 1904 when the Chicago Presbytery created a senior living community—one of the oldest in Illinois. The System has expanded significantly since 1922 to the present day.

The Borrower for this financing is listed below.

The Moorings of Arlington Heights, LLC

The Borrower owns and operates the Project, which is a Life Plan Community located in Arlington Heights, Illinois, a northwest suburb of Chicago, occupies a 45-acre parcel of land at 811 E. Central Rd. just east of Northwest Community Hospital. The Moorings of Arlington Heights consists of independent living, assisted living, memory care and short- and long-term nursing care.

Independent living consists of 273 apartments and villas, ranging in size from 530 square feet to more than 2,000 square feet. Additionally, some villas have full basements, two car garages and patios.

Common area amenities include formal and casual dining rooms, living rooms, a lecture hall, fitness and therapeutic center with exercise equipment, swimming pool and whirlpool, a library, computer and business center, gift shop and beauty salon. Services include flexible dining options, housekeeping and complete maintenance services, transportation as well as planned social and educational activities and programs. The property features two small lakes, winding walking paths, a large community garden and a historic round barn.

Assisted living consists of 42 studio and one-bedroom apartments. Assisted living/sheltered care is licensed by the State of Illinois. Assisted living services and amenities are similar to, but separate from, independent living because proximity to amenities is important to frail assisted living residents.

The balance of the continuum of care includes 60 skilled, Medicare licensed, nursing care beds for those who need skilled nursing care or short-term rehabilitation services, 39 intermediate and memory care beds for those needing less intense nursing care or memory support for cognitive impairments like Alzheimer’s disease. Nursing care beds not occupied by contractual residents are marketed to the outside community.

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Moorings of Arlington Heights, LLC
 811 E. Central Rd.
 Arlington Heights, IL 60005

Contact: Todd Swortzel, President & CEO

Website: www.presbyterianhomes.org

Project name: The Moorings of Arlington Heights, LLC, Series 2016

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois

Ownership/2016 Board Members (501(c)(3)):

<u>MEMBERS</u>	<u>YEARS SERVED</u>	<u>PROFESSION</u>
<u>Elected Directors</u>		
Ms. Frances Carroll	**	Health care, Law
Mr. Mark Dennis	**	Business, Not for Profit
Mr. Charles Denison	2	Finance; Investment
Mr. George T. Drost	5	Law
Ms. Monica Heenan	1	Health care Administration
Mr. Gregory W. Hummel	8	Real Estate; Law
Mr. Leland E. Hutchinson, Chair*	17	Law (retired)
Rev. Michael Kirby	**	Religion; Law
Mr. Dennis R. Marx	2	Accounting; Investment
Dr. E. Dennis Murphy	6	Medicine (retired)
Ms. Elizabeth Nichols	2	Data Scientist
Ms. Paula Noble, Secretary*	1	Accounting; Finance; Audit (retired)
Mr. J. Marshall Peck, Treasurer*	8	Real Estate; Finance
Mr. Harlan F. Stanley	6	Real Estate; Development
Mr. Mark F. Toledo	7	Finance; Investment
Ms. Jane Western	2	Investment
 <u>Ex-Officio Directors</u>		
Mr. Todd F. Swortzel*	5	President and CEO, Presbyterian Homes

* Members of the Executive Committee

** New members of the Board effective April 1, 2016

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Dentons US LLP	Chicago, IL	Mary Wilson
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	John Bibby
Auditor:	CliftonLarsonAllen LLP	Oak Brook, IL	Jim Thomas
Borrower's Financial Advisor:			
Placement Agent:	B.C. Ziegler and Company	Chicago, IL	Will Carney
Banks:	First Midwest Bank	Itasca, IL	Mike Taylor
	Huntington Bank	Grand Rapids, MI	Tom Gibbons
Bank Counsel:	Polsinelli PC	Chicago, IL	Lisa Katz
Paying Agent:	Huntington Bank	Grand Rapids, MI	Patrick O'Donnell
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Stephen Welcome
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe S. Selden

LEGISLATIVE DISTRICTS

Congressional:	9
State Senate:	27
State House:	53

SERVICE AREA

Arlington Heights, Illinois