



June 9, 2016

**\$45,000,000 (not-to-exceed)
Ness Healthcare NFP**

REQUEST	<p>Purpose: Tax-exempt bond proceeds of approximately \$40,000,000 and taxable bond proceeds of approximately \$5,000,000 will be used by Ness Healthcare NFP (the “Corporation”) to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) 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 (Multi-State) Voting Record (May 12, 2016) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 4 Absent (Anderberg, Fuentes, O’Brien, Tessler); 0 Vacancies</p>																				
MATERIAL CHANGES	<p>Detailed cost of issuance and historical financials added to report.</p>																				
ILLINOIS JOB DATA	<table border="0"> <tr> <td style="text-align: center;">6</td> <td>Current jobs</td> <td style="text-align: center;">10</td> <td>New jobs projected (Corporate headquarters, Illinois)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td>Retained jobs</td> <td style="text-align: center;">N/A</td> <td>Construction jobs projected</td> </tr> </table>	6	Current jobs	10	New jobs projected (Corporate headquarters, Illinois)	N/A	Retained jobs	N/A	Construction jobs projected												
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DESCRIPTION	<ul style="list-style-type: none"> • Locations: Illinois, Minnesota, Louisiana and Alabama • The Corporation is an Illinois not-for-profit corporation organized by Han Capital in July of 2015 to provide residential care facilities for the elderly to meet their physical, emotional, recreational, social and other needs. The Corporation intends to amend its articles of incorporation to include the provision of psychiatric and behavioral health services as one of its corporate purposes. The Corporation has received a determination letter from the Internal Revenue Service that is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. • Han Capital is a private equity firm, based in Chicago, Illinois. Their focus is health care, self-storage and other value add opportunities. The firm has significant experience in owning and managing healthcare assets. Their current portfolio includes assisted living facilities in Minnesota and California. The executive team is made up of individuals with strong backgrounds in finance, distressed assets and management. • The Corporation is headquartered at 7300 N. Cicero Ave., Lincolnwood, Illinois. • The Corporation will use the tax-exempt and taxable bond proceeds to acquire the following psychiatric and assisted living facilities: Beacon Children’s Hospital, Luverne, Alabama, Northlake Behavioral Health System, Mandeville, Louisiana; and, Valleyview of Owatonna, Owatonna, Minnesota. 																				
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Corporation is a non-rated entity. 																				
SECURITY	<ul style="list-style-type: none"> • The Bonds will be secured by a promissory note(s) issued under a Master Trust Indenture of the Corporation, which will contain covenants to be negotiated. Mortgages on all financed properties and a pledge of revenues will be granted to the Master Trustee. 																				
MATURITY	<ul style="list-style-type: none"> • Bonds will mature not later than 30 years. 																				
SOURCES AND USES ESTIMATED	<table border="0"> <thead> <tr> <th colspan="2" style="text-align: left;">Sources:</th> <th colspan="2" style="text-align: left;">Uses:</th> </tr> </thead> <tbody> <tr> <td>IFA Tax-Exempt Bonds</td> <td style="text-align: right;">\$40,000,000</td> <td>Project</td> <td style="text-align: right;">\$39,915,685</td> </tr> <tr> <td>IFA Taxable Bonds</td> <td style="text-align: right;"><u>5,000,000</u></td> <td>Reserve Fund</td> <td style="text-align: right;">3,584,315</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance (see p. 6)</td> <td style="text-align: right;"><u>1,500,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$45,000,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$45,000,000</u></td> </tr> </tbody> </table>	Sources:		Uses:		IFA Tax-Exempt Bonds	\$40,000,000	Project	\$39,915,685	IFA Taxable Bonds	<u>5,000,000</u>	Reserve Fund	3,584,315			Costs of Issuance (see p. 6)	<u>1,500,000</u>	Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>
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Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>																		
RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																				

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 June 9, 2016**

Project: Ness Healthcare NFP

STATISTICS

Project Number: 12318	Amount: \$45,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Pam Lenane and Tammy Harter
Illinois Location: Lincolnwood	Illinois County/Region: Cook County/Northeast
Out of State Locations: Louisiana, Alabama and Minnesota	Out of State Counties: Steele County, Minnesota; Crenshaw County, Alabama; St. Tammany Parish, Louisiana

BOARD ACTION

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

PURPOSE

Tax-exempt bond proceeds of approximately \$40,000,000 and taxable bond proceeds of approximately \$5,000,000 will be used by **Ness Healthcare NFP** (the “**Corporation**”) to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) 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:	
IFA Tax-Exempt Bonds	\$40,000,000	Refunding	\$39,915,685
IFA Taxable Bonds	<u>5,000,000</u>	Project Fund	3,584,315
		Costs of Issuance (see p. 6)	<u>1,500,000</u>
Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>

ILLINOIS JOBS DATA

Current employment: 6	Projected new jobs: 10 (Corporate headquarters, Illinois)
Jobs retained: N/A	Construction jobs: N/A

FINANCING SUMMARY

Credit Enhancement:	None.
Structure:	The Bonds are expected to be fixed rate bonds that will be sold in a private placement. Loop Capital Markets LLC has been engaged as Placement Agent and will locate potential purchasers of the Bonds. The Bonds will be nonrated and sold in denominations of \$100,000 pursuant to a Private Placement Memorandum.
Interest Rate:	Fixed rates estimated from 4.00% to 6.00%
Interest Rate Modes:	Fixed
Underlying Ratings:	The Corporation is a non-rated entity.
Maturity:	Up to 30 years
Estimated Closing Date:	July 1, 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Tax-exempt bond proceeds of approximately \$40,000,000 and taxable bond proceeds of approximately \$5,000,000 will be used by the Corporation to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) pay costs of issuance.

BUSINESS SUMMARY

The Corporation is an Illinois not-for-profit corporation organized by Han Capital in July of 2015 to provide residential care facilities for the elderly to meet their physical, emotional, recreational, social and other needs. The Corporation intends to amend its articles of incorporation to include the provision of psychiatric and behavioral health services as one of its corporate purposes. The Corporation has received a determination letter from the Internal Revenue Service that is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Corporation is headquartered at 7300 N. Cicero Ave. in Lincolnwood, Illinois.

Han Capital is a private equity firm, based in Chicago, Illinois. Their focus is health care, self-storage and other value add opportunities. The firm has significant experience in owning and managing healthcare assets. Their current portfolio includes assisted living facilities in Minnesota and California. The executive team is made up of individuals with strong backgrounds in finance, distressed assets and management.

The Corporation will use the tax-exempt and taxable bond proceeds to acquire the following psychiatric and assisted living facilities:

- Beacon Children's Hospital. Beacon Children's Hospital is located at 150 Hospital Drive Luverne, Alabama 36049. Beacon Children's Hospital is a 28 bed (licensed for 32) acute care psychiatric hospital for children and adolescents. The acquisition cost is expected to be approximately \$6,600,000.
- Northlake Behavioral Health System. Northlake Behavioral Health System is located at 23515 Hwy 190 Mandeville, Louisiana 70448. Northlake Behavioral Health System is a psychiatric hospital licensed for 205 beds (140 acute and 65 psychiatric residential treatment facility). The acquisition cost is expected to be approximately \$25,000,000.
- Valleyview of Owatonna. Valleyview of Owatonna is located at 1212 Frontage Road W/I-35, Owatonna, Minnesota 55060. Valleyview of Owatonna Assisted Living is a senior care campus renovated in 2004. The facility contains 90 assisted living units. It is located 60 minutes from downtown Minneapolis, Minnesota and is 40 miles from the renowned Mayo Clinic in Rochester, Minnesota. The acquisition cost is expected to be approximately \$4,500,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Ness Healthcare NFP
Site Address: 7300 N. Cicero Ave., Lincolnwood, IL 60712
Contact: Tony Shir, 872-208-7614
Website: N/A
Project name: Ness Healthcare
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois

Ness Healthcare NFP 2016 Board Members (501(c)(3)):

Scott Kellman

Scott currently serves as Chairman and Chief Executive Officer of American Eagle Lifecare Corporation, a not-for-profit provider of senior living services to the elderly. Previously, he was the Chief Executive Officer of Care Investment Trust (NYSE: CRE) and a Managing Director and Head of Real Estate with CIT Healthcare. A veteran of the healthcare industry with over 25 years of experience deploying capital in healthcare real estate, Mr. Kellman previously served as Senior Vice President at Healthcare Property Investors, Inc. (NYSE: HCP) where he was responsible for directing HCP's business development activities. He also served as Senior Vice President, Treasurer of Tenet Healthcare Corporation (NYSE: THC) where he managed Tenet's real estate and oversaw the company's corporate finance and cash management functions. Mr. Kellman was Chief Operating Officer of Omega Healthcare Investors, Inc. (NYSE: OHI) where he acquired and provided debt financing for healthcare real estate properties. Prior to joining Omega, he founded and operated Medical REIT, which merged with Omega Healthcare in August 1993. Mr. Kellman received an AB in political science, graduating magna cum laude, as well as a JD from the University of Michigan Law School.

Michael Tarnoff

As EVP & CFO of the Jewish Federation, Mr. Tarnoff provides strategic direction and supervision for the areas of: finance; accounting; investments; compliance; labor relations; employee benefits; insurance / risk management; and real estate development and management. Founder of Jewish Federations of North America's nation-wide programs which provides tax-exempt bond underwriting services for capital projects and has issued over \$1 billion of tax-exempt bonds. JF Investment Program also manages over \$2.5 billion in endowment portfolio assets. Member of Financial Accounting Standards Board Nonprofit Advisory Committee --assists FASB in understanding accounting issues of nonprofits, especially insofar as they differ from those of public and private for-profit business entities. Recipient of Mandelkorn Distinguished Service Award -- given in recognition of significant communal service contributions -- including encouraging and practicing the open exchange of information, collaboration and collective action. Past Chairman of Board of First Non Profit Insurance Company - insurance underwriter founded by United Way exclusively for nonprofit organizations. FNIC was purchased in 2013 by AmTrust, a NYSE listed company. Member of the Advisory Board of Agile HC - providing software solutions utilizing predictive analytics for complex staffing requirements in 24/7 health care environments such as hospitals and other licensed care facilities. Board member of Michael Reese Health Trust, one of the largest health care related foundations in Illinois. Also serve on Boards of numerous other charitable foundations. Tarnoff received an MBA from Booth Graduate School of Business, University of Chicago.

Michael Messing

Michael Messing serves as a Diagnostic Radiologist at Hala Comprehensive Breast Center in Jerusalem, Israel. He is American Board of Radiology Certified since 1991 and proficient in Breast Imaging and Intervention and Emergency Radiology. Mr. Messing previously served at St. James Mercy Hospital in Hornell, NY, North Shore Hospital in Highland Park, IL and MacNeal Hospital in Berwyn, IL. Mr. Messing received his B.A. in Biology from University of Rochester, an M.S. in Biochemistry and Molecular Biology, Doctor of Medicine (MD) in 1986 from the Chicago Medical School at Rosalind Franklin University of Medicine and Science, and Post MD Fellowship of Diagnostic Radiology/ Body Imaging at Northwestern University.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Much Shelist, P.C.	Chicago, IL	J. Eric Guth
Auditor:	TBD		
Placement Agent:	Loop Capital Markets, LLC	Chicago, IL	Prakash Ramani
Bond Counsel:	Nixon Peabody LLP	Chicago, IL	Julie Seymour
Placement Agent's Counsel:	Chapman and Cutler LLP	Chicago, IL	David Kates
Bond Trustee:	TBD		
Issuer's Counsel:	Nixon Peabody LLP	Chicago, IL	Julie Seymour
Issuer's Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	9
State Senate:	8
State House:	16

SERVICE AREA

The Corporation expects to operate psychiatric and assisted living facilities in Owatonna, Minnesota; Mandeville, Louisiana; and, Luverne, Alabama.

NESS HEALTHCARE NFP COSTS OF ISSUANCE

IFA Fee	\$ 47,500
Placement Agent Counsel (Chapman)	\$200,000
Bond Counsel (Nixon Peabody)	\$ 95,000
Issuer's Counsel (TBD)	\$ 10,000
Trustee	\$ 4,000
Trustee Counsel	\$ 10,000
Borrower's Counsel (Much Shelists)	\$200,000
Placement Agent Fee	\$650,000
Day loan	\$ 1,193
Clearing	\$ 200
DTC Fee	\$ 350
CUSIP	\$ 168
HAN Capital Broker Fee (Northlake and Beacon)	\$135,545
HAN Capital Broker Expenses (Northlake and Beacon)	\$146,045