ILLINOIS FINANCE AUTHORITY

$146,125,000 – FINAL ISSUANCE AMOUNT – CLOSED 4/01/16

PAB CONDUIT

February 11, 2016

$150,000,000 (Not to Exceed)
Timothy Place, NFP d/b/a Park Place Elmhurst, and Christian Healthcare Foundation, NFP (Park Place of Elmhurst Project)

REQUEST	**Purpose**: This financing (the "Series 2016 Restructuring") consists of a financial restructuring of existing Series 2010 IFA Bonds in connection with a Chapter 11 bankruptcy filing for Park Place, a Continuing Care Retirement Community ("CCRC") located in Elmhurst, Illinois. The Borrower for the Series 2016 Restructuring and the Series 2010 Bonds (the subject of the Series 2016 Restructuring) is Timothy Place, NFP d/b/a Park Place Elmhurst (the "**Corporation**") and Christian Healthcare Foundation, NFP, (collectively with the Corporation, the "**Borrower**"). The key terms of the Series 2016 Restructuring have been agreed to by the Borrower and the majority Series 2010 Bondholders. **74.2% of the Bondholders (representing $108.4 million of the Series 2010 Bonds) have approved the 2016 Restructuring. T**he Borrower is seeking the IFA's final resolution in connection with its plan to effectuate the Series 2016 Restructuring as part of the Chapter 11 bankruptcy process. The Series 2016 Restructuring provides a means to reduce the debt and debt service burden on Park Place, and serves to better align debt service and revenues. No new money is being sought in connection with the Series 2016 Restructuring. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: Request Waiver of Board policy for non-rated bonds
BOARD ACTIONS	One-time final resolution
JOB DATA	149 Current jobs; N/A New jobs projected N/A Retained jobs; N/A Construction jobs projected
DESCRIPTION	● Location: Elmhurst, Illinois / Cook County / Northeast Region ● Timothy Place, NFP d/b/a Park Place Elmhurst and Christian Healthcare Foundation, NFP are 501(c)(3) organizations formed in 2004. ● Park Place is a CCRC currently consisting of 181 independent living units, 46 assisted living units, 20 memory support units, and 37 nursing care units. Park Place was financed in 2010 through the Issuance of IFA Bonds. The community opened its doors to residents on February 6, 2012. ● Park Place Elmhurst is a subsidiary of Rest Haven Illiana Christian Convalescent Home d/b/a Providence Life Services (PLS), which was founded in 1956 as an Illinois not for profit corporation to furnish healthcare and retirement living facilities for the proper care and treatment of seniors.
CREDIT INDICATORS	● The Series 2016 Bonds will be tax-exempt bonds consisting of the following: - **Series 2016A:** $103,691,500 of fixed rate bonds with principal payments due on May 15, 2021 through May 15, 2055. Par amount is equal to 85% of the currently outstanding Series 2010A, B and C par amounts. - **Series 2016B:** $20,514,750 of fixed rate bonds with a final maturity of May 15, 2020. These bonds are intended to be repaid with Entrance Fees pursuant to the "Distribution Waterfall" described in the Restructuring Term Sheet (also see pages 5-6). Par amount is equal to 85% of the currently outstanding Series 2010D-1 and D-2 par amounts. - **Series 2016C (Subordinate):** $21,918,750 of fixed rate bonds with a final maturity date of May 15, 2055. Principal and interest will only be paid on these bonds to the extent that "Excess Cash" exists as defined in the Distribution Waterfall. The par amount of these bonds is equal to 15% of the currently outstanding par amount of all Series 2010 Bonds. PLS, the parent to Park Place, will provide $5.0 million of cash pursuant to a subordinate loan in connection with the Series 2016 Restructuring.

SECURITY

- Series 2016A and Series 2016B: First priority lien on all assets of the Corporation.
- Series 2016C: Subordinate lien on all assets of the Corporation.

MATURITY

- The Series 2016A, B and C Bonds will mature not later than 5/15/2055, 5/15/2020 and 5/15/2055, respectively.

SOURCES & USES

As shown below, the Sources & Uses of Funds for the Series 2016 Restructuring involves not only the Series 2016 Bonds but also funds from PLS in the form of a subordinate loan, the remaining balance in the Series 2010A Debt Service Reserve Fund (all other debt service reserve funds have previously been depleted) and funds to be held in the Revenue Fund, Operating Reserve Fund and Entrance Fee Fund.

Sources				
Series 2016A Bonds		103,691,500		
Series 2016B Bonds		20,514,750		
Total Senior Debt			124,206,250	
Series 2016C Bonds (subordinate)			21,918,750	
Total Series 2016 Bonds for Exchange				146,125,000
Providence Subordinate Loan				5,000,000
Revenue Fund				2,585,124
Operating Reserve Fund				1,000,016
Entrance Fee Fund				7,035,194
Series 2010 Debt Service Reserve Fund				6,815,316
Total Sources				168,560,650
Uses				
Series 2010A, B and C Redemption			121,990,000	
Series 2010D-1, D-2 Redemption			24,135,000	
Total Series 2010 Redemption				146,125,000
Series 2016 Debt Service Reserve Fund				8,649,817
Series 2010 Accrued Interest at	4.5 months			4,379,840
Operating Reserve Fund				5,321,369
Operating Account				2,585,124
Entrance Fee Fund				-
Costs of Issuance/Restructuring Costs				1,499,500
Total Uses				168,560,650

Note: Further detail regarding the restructuring and other transaction costs is provided on page 10.

RECOMMENDATION

Credit Review Committee recommends approval.

INDEX OF NUMERICAL CHARTS

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 11, 2016

Project: Park Place of Elmhurst

STATISTICS

Project Number:	12325	Amount:	$150,000,000 (not-to-exceed, restructuring)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Location:	Elmhurst	County/ Region:	DuPage/Northeast

BOARD ACTION

Conduit 501(c)(3) Revenue Bonds
Credit Review Committee recommends approval
Final Bond Resolution (one-time consideration)

No IFA funds at risk

Extraordinary Condition: Waiver of Board Policy for non-rated bonds

PURPOSE

This financing (the "Series 2016 Restructuring") consists of a financial restructuring of existing Series 2010 IFA Bonds in connection with a Chapter 11 bankruptcy filing for Park Place, a Continuing Care Retirement Community ("CCRC") located in Elmhurst, Illinois. The Borrower for the Series 2016 Restructuring and the Series 2010 Bonds (the subject of the Series 2016 Restructuring) is Timothy Place, NFP d/b/a Park Place Elmhurst (the "Corporation") and Christian Healthcare Foundation, NFP, (collectively the "Borrower").

The key terms of the Series 2016 Restructuring have been agreed to by the Borrower and the majority Series 2010 Bondholders. **74.2% of the Bondholders (representing $108.4 million of the Series 2010 Bonds) have approved the 2016 Restructuring.** The Borrower is seeking the IFA's final resolution in connection with its plan to effectuate the Series 2016 Restructuring as part of the Chapter 11 bankruptcy process. The Series 2016 Restructuring provides a means to reduce the debt and debt service burden on Park Place, and serves to better align debt service and revenues. No new money is being sought in connection with the Series 2016 Restructuring.

The Series 2016 Bonds under the restructuring will have the same par amount as the currently outstanding Series 2010 Bonds, which are the subject of the Series 2016 Restructuring. The Series 2016 Bonds will be used to replace the Series 2010 Bonds via a bond exchange. Other sources of funds available on the effective date of the restructuring will be used to fund: (1) a Series 2016 Debt Service Reserve Fund, (2) accrued interest due on the Series 2010 Bonds, (3) Operating Reserve Fund, (4) Operating Account, and (5) costs of issuance and restructuring costs.

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.

JOBS

Current employment:	149 FTE's	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

FINANCING SUMMARY

Credit Enhancement:	None
Structure:	Fixed rate, tax-exempt term bonds issued via a bond exchange, pursuant to a Restructuring Plan and Chapter 11 bankruptcy filing
Interest Rate:	As negotiated with Series 2010 Bondholders. Series 2016A Bonds: coupon rates of 6.20% to 6.44%. Series 2016B Bonds: coupon rate of 5.625% Series 2016C Bonds (Subordinate): coupon rate of 2.00%
Interest Rate Modes:	Fixed through final maturities
Underlying Ratings:	None
Maturity:	No later than May 15, 2056
Estimated Closing Date:	April 1, 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

This financing (the "Series 2016 Restructuring") consists of a financial restructuring of existing Series 2010 IFA Bonds in connection with a Chapter 11 bankruptcy filing for Park Place, a Continuing Care Retirement Community ("CCRC") located in Elmhurst, Illinois. The Borrower for the Series 2016 Restructuring and the Series 2010 Bonds (the subject of the Series 2016 Restructuring) is Timothy Place, NFP d/b/a Park Place Elmhurst (the "Corporation") and Christian Healthcare Foundation, NFP, (collectively the "Borrower").

The key terms of the Series 2016 Restructuring have been agreed to by the Borrower and the majority Series 2010 Bondholders. The Borrower is seeking the IFA's final resolution in connection with its plan to effectuate the Series 2016 Restructuring as part of the Chapter 11 bankruptcy process. The Series 2016 Restructuring provides a means to reduce the debt and debt service burden on Park Place, and serves to better align debt service and revenues. No new money is being sought in connection with the Series 2016 Restructuring.

The Series 2016 Bonds under the restructuring will have the same par amount as the currently outstanding Series 2010 Bonds, which are the subject of the Series 2016 Restructuring. The Series 2016 Bonds will be used to replace the Series 2010 Bonds via a bond exchange. Other sources of funds available on the effective date of the restructuring will be used to fund: (1) a Series 2016 Debt Service Reserve Fund, (2) accrued interest due on the Series 2010 Bonds, (3) Operating Reserve Fund, (4) Operating Account, and (5) costs of issuance and restructuring costs.

The existing par amount of the Series 2010 Bonds exactly matches the proposed par amount of the Series 2016 Bonds: $146,125,000. The final result of the Series 2016 Restructuring is that the annual debt service on the Series 2016A Bonds will be approximately $2.3 million lower than the existing annual debt service on the Series 2010A Bonds, due to reduced coupon rates, reduced par amount, and a longer final maturity date. This reduction in annual debt service is better aligned with Park Place's current and projected annual revenues.

The Series 2016A Bonds will be structured as long-term bonds with principal amortization from 2021 through 2055, and they will be repaid with the Borrower's available cash flow. The Series 2016B Bonds are structured to be repaid from future entrance fees and must be repaid in full by May 15, 2020. Finally, the Series 2016C Bonds will be fixed rate bonds, subordinate in position to the Series 2016A and Series 2016C Bonds. The Series 2016C Bonds will be repaid with Excess Cash as defined in the Series 2016 Master Indenture, to the extent that sufficient Excess Cash exists and other conditions are met. The Borrower's ability to repay the Series 2016C Bonds will be governed by a "Distribution Waterfall" that is described later in this summary. If Excess Cash as defined in the Distribution Waterfall is insufficient to make interest payments on the Series 2016C Bonds, the amount of such unpaid interest shall be paid in the future if Excess Cash flow is sufficient to do so. The accrued and unpaid interest will be increased at a rate of 2.0% annually until repayment.

The mechanics of the "bond exchange" are depicted below.

Outstanding Series 2010 Bonds:			Conversion to 2016A (2):	Conversion to 2016B (3):	Conversion to 2016C (4):	TOTAL Series 2016A,B,C:
Series 2010A		$109,115,000.00	85% of A, B and C	85% of D-1 and D-2		
Series 2010B	(1)	7,875,000.00	$103,691,500.00	$20,514,750.00		
Series 2010C	(1)	5,000,000.00				
Series 2010D-1	(1)	10,275,000.00				
Series 2010D-2	(1)	13,860,000.00			15% of ALL 2010 Bonds	
		$146,125,000.00			$21,918,750.00	$146,125,000.00

Notes:

(1) Series 2010B, C, D-1 and D-2 Bonds were originally structured to be repaid with entrance fees. The current par amounts of these bonds total $37.01 million.
(2) Principal on the Series 2016A Bonds will be amortized from 2021-2055.
(3) The Series 2016B Bonds are structured to be repaid with entrance fees no later than 2020.
(4) The Series 2016C Bonds are subordinate to Series 2016A&B and will only be repaid if Excess Cash exists under the Distribution Waterfall.

Series 2010 Retail Bondholders:

Per the Series 2010 Bond Trustee, approximately 22% of the total par amount (which equates to $32,147,500) is held by retail investors in approximately 2,000 accounts. Using these figures, the average retail account holds approximately $16,074.

General timeline for the Series 2016 Restructuring:

Management of Park Place anticipates the following schedule, which may be adjusted as needed in order to effectuate the restructuring:

- February 16: Solicitation package is mailed to Series 2010 Bondholders
- February 16 – March 16: Voting period regarding solicitation
- March 29, 2016: Confirmation hearing regarding restructuring plan
- April 1, 2016: Effective date of the restructuring plan
- April 2016 (after Effective date): Release of a Limited Offering Memorandum

Resident Refunds:

Most residents who move into Park Place as an independent living resident pay an entrance fee at the time of occupancy. Pursuant to the resident's contract with Park Place, a refund of the entrance fee may be paid to the resident or his/her estate upon move-out or death. The amount of such refund depends on the contract type originally selected by the resident. The contract types currently available at Park Place include the following refund levels: 0%, 50%, 75%, 90% and 100%. 59% of the current resident population holds a 90% refundable contract. The amount of the initial entrance fee generally ranges from $300,000 to $900,000, with a current weighted average on unsold inventory in the range of $509,000-$565,000. The amount of monthly service fees to be paid by the resident for each month of occupancy varies depending on the unit type and contact type that is selected.

Pursuant to existing resident contracts, refunds are not paid until the specific unit is re-sold. As a result, Park Place minimizes the risk of not having funds available to pay a refund when it is due. This policy will continue to be in effect in all future resident contracts. In addition, Management and a majority of the Series 2010 Bondholders have agreed to a highly structured mechanism depicting the use of all future entrance fees (known as the "Distribution Waterfall"). The Distribution Waterfall described below shows that the first use of new entrance fees, before any other uses, is the payment of refunds. The key uses of funds and the specific sequence for utilizing entrance fees are depicted below:

Distribution Waterfall (regarding entrance fees received after the Series 2016 Restructuring):

- ***Pay any Refunds;***
- Pay all professional fees and expenses incurred in connection with Series 2016 Restructuring;
- Fund the Series 2016 Debt Service Reserve Fund (if shortfalls exist; will be fully funded at closing of the Series 2016 Restructuring);
- Fund the Operating Account to maintain a level equal to 45 Days Cash on Hand (fully funded at Closing of the Series 2016 Restructuring); and
- Fund the Operating Reserve Fund to maintain a level equal to 105 Days Cash on Hand (fully funded at Closing of the Series 2016 Restructuring).

The Distribution Waterfall provides that Park Place will have no more than 150 Days Cash on Hand until after the Series 2016B Bonds are paid in full, which results in a Days Cash on Hand ratio of 150 for Fiscal Years 2016, 2017 and 2019, as shown on page 10.

<u>History of Park Place's Financing</u>:
Since opening in February 2012, the Debtors' financial health has been negatively affected by the real estate market not having rebounded from the 2008 recession so as to enable the Debtors to service the 2010 Bonds. Specifically, following the 2008 recession, large numbers of homeowners were unable to sell their homes without a substantial loss in value. Because individuals interested in residing in a CCRC typically sell their existing homes and use the positive equity value received from the sale to fund the required Resident Fees, the extended decline in the real estate market, combined with a decline in the financial markets, left many individuals without the financial resources to pay the entrance fees for CCRCs such as Park Place. Additionally, as a result of the economic downturn, Park Place's pricing for assisted living were initially too high for the market, which also contributed to Park Place's slow fill. Park Place therefore had to reduce its fees for assisted living. Because of these factors, the Debtors have been unable to achieve their originally forecasted occupancy levels. The lower occupancy rates, have, in turn, caused the Debtors to repay the 2010 Bonds at a slower pace than originally projected.

Occupancy has improved to the following levels (as of February 3, 2016):

- Independent Living census is 158/181 or 87%:
- Assisted Living is 37/46 or 80%:
- Memory Support is 16/20 or 80%;
- Skilled Nursing is 36/37 or 97%; and
- Total occupancy is 247/284 or 87%.

<u>Funds from Sponsor/Parent - Providence Life Services ("PLS") and affiliates</u>:
Providence Life Services, parent to Park Place, will provide $5.0 million of cash that will be used to fund certain reserves on the effective date of the Series 2016 Restructuring. These funds will be provided in exchange for a note payable from the Borrower. The note payable will be subordinate to all of the Series 2016 Bonds.

In addition to the $5.0 million subordinate loan **described above, PLS and affiliates have provided the following funds to Park Place through January 2016:**

- **Original Equity contribution**	**$1,000,000**
- **Liquidity Support Agreement**	**$6,000,000**
- **Waiver of earned management and development fees**	**$4,629,645**
- **Operational support (heath insurance, marketing)**	**<u>$1,099,423</u>**
TOTAL (in addition to $5.0MM sub loan)	**<u>$12,729,068</u>**

<u>PLS and affiliates have agreed to waive repayment of all funds listed above. Various other professionals associated with the Park Place project have waived the repayment of certain fees as well.</u>

<u>Management Fees:</u>
Pursuant to a new management agreement, the sponsor will charge a management fee no greater than 3.25% of gross operating revenues. However, only $30,000 per month shall be paid as an operating expense. Management fees exceeding $30,000 per month can only be paid from "Excess Cash" as defined in the Master Indenture, similar to the repayment provisions regarding the Series 2016C Bonds.

PLS owns 12 senior living communities located in Illinois and Michigan, with a total of approximately 1,200 units/beds. PLS also provides home health and private duty services for up to 250 clients. In addition, Park Place is affiliated with Providence Management and Development Company Incorporated ("PM&D"), which is a management and development company serving the PLS communities, Park Place and Plymouth Place, an unaffiliated CCRC in La Grange Park, Illinois. The PLS communities and the operations of PM&D are not obligors on the Park Place debt.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Timothy Place, NFP d/b/a Park Place Elmhurst and Christian Healthcare Foundation, NFP

Site Address:	Park Place of Elmhurst 1050 Euclid Ave. Elmhurst, IL 60126
Contact:	Mr. Bill DeYoung, CFO. Phone: 708/342-8139
Website:	www.parkplaceelmhurst.com
Project name:	Park Place of Elmhurst
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois

Board Members:

The term of office for each board member is five years, followed by retirement of at least one year. Listed below are the current board members of the PLS Board. The Park Place board members are all members of the PLS board and they are noted below.

Providence Life Services Board of Directors As of 1/27/2016

Name	Term Expiration	Employer/Occupation/Affiliation	Park Place Board Member?
Gary Ellens	2016	City on a Hill Ministries, Zeeland, MI	
Sharon Clousing, ***Asst. Secretary/Treasurer***	2016	Bethel Christian Reformed Church	YES
Hal Brown	2016	First Personal Bank	
Calvin Tameling, ***Vice Chair***	2017	SET Environmental	YES
Tim Breems, ***Chair***	2017	Attorney at Ruff, Freud, Breems & Nelson Ltd.	YES
Ken Schoon	2017	Midwest Refrigeration	YES
Justin Kats, ***Secretary/Treasurer***	2018	Faith Church, Dyer, IN	YES
Lucette Bamford	2018	Christ Church of Oak Brook	
Don Van Dyk	2018	Ozinga Brothers	YES
Jean Cavanaugh	2019	Jean Cavanaugh, CPA	
Rich Van Hattem	2019	Faith Church, Dyer, IN	YES
Al Diepstra	2019	Dentist	
Bob Van Staalduinen	2020	Knollcrest Funeral Home	
Bob Workman	2020	CPA	
Tim Smits	2020	Smits Funeral Home	
Richard Schutt	n/a	CEO of Providence Life Services	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Timothy G. Lawler, Ltd.	Hinsdale	Tim Lawler
Bankruptcy Counsel:	McDonald Hopkins	Chicago	David Agay
Bond Counsel:	Chapman and Cutler LLP	Chicago	John Bibby
Trustee's Counsel:	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.	Boston	Daniel Bleck
Trustee's Financial Advisor:	RBC Capital Markets	Philadelphia	Dave Fields
Borrower's Financial Advisor:	North Shores Consulting	Columbus	Tom Brod
IFA Counsel:	Schiff Hardin LLP	Chicago	Bruce Weisenthal
IFA's Financial Advisor:	Sycamore Advisors	Chicago	Melanie Shaker
Auditor:	KPMG was selected as new auditor in January 2016.		

Firms noted below were involved in the Series 2010 Bonds but do not have an official role on the Series 2016 Bonds:

Underwriter(s):	Ziegler	Chicago	Steve Johnson
Underwriters' Counsel:	Katten Muchin Rosenman	Chicago	Janet Hoffman, Esq.
Feasibility Consultant:	CliftonLarsonAllen LLP	Minneapolis	Jeff Vrieze

LEGISLATIVE DISTRICTS

Congressional:	5
State Senate:	24
State House:	47

SERVICE AREA

The primary market area identified for Park Place includes the following zip codes:

- 60126 (Elmhurst)
- 60523 (Oak Brook)
- 60521 (Hinsdale)
- 60527 (Willowbrook)
- 60525 (La Grange)
- 60148 (Lombard)
- 60559 (Westmont)
- 60137 (Glen Ellyn)
- 60558 (Western Springs)
- 60187 (Wheaton)
- 60181 (Villa Park)
- 60514 (Clarendon Hills)
- 60516 (Downers Grove)
- 60515 (Downers Grove)
- 60561 (Darien)