



November 21, 2014

\$13,500,000
Kane County Senior Living
(The Reserve of Geneva)

REQUEST	<p>Purpose: Bond proceeds will be used by Kane County Senior Living (the “Borrower”) to (i) refund the outstanding Illinois Finance Authority Development Revenue Bonds, Series 2005 (The Reserve of Geneva Project) (the “Series 2005 Bonds”); (ii) provide funds for capital improvements and refurbishment of the existing project; (iii) provide funds for the acquisition, construction, renovation and refurbishing of various other capital improvements and equipment including a 4,500 square foot addition to provide for eight 2-bed assisted living units and 2 additional independent living units related to the project; and (iv) provide funds for the costs of issuance (the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None</p>																																
BOARD ACTIONS	Final Bond Resolution (<i>One-time consideration</i>)																																
MATERIAL CHANGES	This is the first time this project is being presented to the Board.																																
JOB DATA	<table border="0"> <tr> <td>5</td> <td>Current jobs</td> <td>9</td> <td>New jobs projected</td> </tr> <tr> <td>5</td> <td>Retained jobs</td> <td>10</td> <td>Construction jobs projected</td> </tr> </table>	5	Current jobs	9	New jobs projected	5	Retained jobs	10	Construction jobs projected																								
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DESCRIPTION	<ul style="list-style-type: none"> • Location: Geneva, Illinois (Kane County) • The Reserve of Geneva is a 60-unit residential facility for independent seniors located at 2508 Kaneville Road in Geneva. The project consists of a variety of common areas in addition to the residential units and provides an optional meal program, scheduled transportation and activities for its residents. The Reserve of Geneva is professionally managed by Essex Corporation, which has substantial expertise having designed, built and managed 30+ senior residences throughout the Midwest. 																																
SECURITY	<ul style="list-style-type: none"> • First Deed of Trust, Assignment of Rents & Leases, Fixture Filing and 1st UCC filing on general business assets. 																																
CREDIT INDICATORS	<ul style="list-style-type: none"> • Direct purchase by Access Bank and affiliates. 																																
STRUCTURE	<ul style="list-style-type: none"> • Series A Bonds of \$10,500,000 with a five year fixed rate, adjustable every 5 years at the Federal Home Loan Bank 5 year advance rate + 1.70% with a term of 25 years and Series B Bonds of \$3,000,000 with a five year fixed rate, adjustable every 5 years at the Federal Home Loan Bank 5 year advance rate + 2.20% with a term of 15 years. 																																
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td>\$13,500,000</td> <td>Refinancing</td> <td>\$10,891,180</td> </tr> <tr> <td>Corporation Funds</td> <td><u>\$584,345</u></td> <td>Financing costs</td> <td>\$318,765</td> </tr> <tr> <td></td> <td></td> <td>Debt Service/ Replacement Reserve</td> <td>\$455,000</td> </tr> <tr> <td></td> <td></td> <td>Construction/ Refurbishment</td> <td>\$2,200,000</td> </tr> <tr> <td></td> <td></td> <td>Furniture/ Equipment</td> <td>\$100,000</td> </tr> <tr> <td></td> <td></td> <td>Other costs</td> <td><u>\$119,400</u></td> </tr> <tr> <td></td> <td>Total</td> <td>Total</td> <td><u>\$14,084,345</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	\$13,500,000	Refinancing	\$10,891,180	Corporation Funds	<u>\$584,345</u>	Financing costs	\$318,765			Debt Service/ Replacement Reserve	\$455,000			Construction/ Refurbishment	\$2,200,000			Furniture/ Equipment	\$100,000			Other costs	<u>\$119,400</u>		Total	Total	<u>\$14,084,345</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																																

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 November 21, 2014**

Project: Kane County Senior Living (The Reserve of Geneva Project)

STATISTICS

Project Number:	H-HO-TE-CD-8710	Amount:	\$13,500,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Geneva, IL	County/Region:	Kane County/Northeast

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval	

VOTING RECORD

This is the first time this project has been presented to the Board.

PURPOSE

Bond proceeds will be used by **Kane County Senior Living** (the "**Borrower**") to (i) refund the outstanding Illinois Finance Authority Development Revenue Bonds, Series 2005 (The Reserve of Geneva Project) (the "Series 2005 Bonds"); (ii) provide funds for capital improvements and refurbishment of the existing project; (iii) provide funds for the acquisition, construction, renovation and refurbishing of various other capital improvements and equipment including a 4,500 square foot addition to provide for eight 2-bed assisted living units and 2 additional independent living units related to the project; and (iv) provide funds for the costs of issuance (the "Financing Purposes").

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current jobs:	5	New jobs projected:	9
Retained jobs:	5	Construction jobs projected:	10

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$13,500,000	Refinancing	\$10,891,180
Corporation Funds	<u>\$584,345</u>	Financing costs	\$318,765
		Debt Service /	
		Replacement Reserve	\$455,000
		Construction /	
		Refurbishment	\$2,200,000
		Furniture/ Equipment	\$100,000
		Other costs	<u>\$119,400</u>
Total	<u>\$14,084,345</u>	Total	<u>\$14,084,345</u>

FINANCING SUMMARY

Security:	First Deed of Trust, Assignment of Rents & Leases, Fixture Filing and 1 st UCC filing on general business assets.
Structure:	Series A Bonds of \$10,500,000 with a 5-year fixed rate, interest rate adjustable every 5 years at the Federal Home Loan Bank 5-year advance rate +1.7% with a 25 year term and Series B Bonds of \$3,000,000 with a 5-year fixed rate, adjustable every 5 years at the Federal Home Loan Bank 5-year advance rate +2.20% with a term of 15 years. Direct Purchase by Access Bank and affiliates.
Interest Mode:	Variable, adjusted every 5 years.
Maturity:	Series A Bonds - 25 years; Series B Bonds - 15 years
Rating:	The Reserve of Geneva is not rated.
Estimated Closing Date:	December, 2014

PROJECT SUMMARY (FINAL BOND RESOLUTION)

Bond proceeds will be used by **Kane County Senior Living** (the "**Borrower**") to (i) refund the outstanding Illinois Finance Authority Development Revenue Bonds, Series 2005 (The Reserve of Geneva Project) (the "Series 2005 Bonds"); (ii) provide funds for capital improvements and refurbishment of the existing project; (iii) provide funds for the acquisition, construction, renovation and refurbishing of various other capital improvements and equipment including a 4,500 square foot addition to provide for eight 2-bed assisted living units and 2 additional independent living units related to the project; and (iv) provide funds for the costs of issuance (the "Financing Purposes").

BUSINESS SUMMARY

Background: Kane County Senior Living d/b/a The Reserve of Geneva (the "**Borrower**") is an Illinois not-for-profit 501 (c)(3) organization that was incorporated on August 22, 2003 to provide residential facilities for the aged. The facilities are designed to meet the needs of the aged, including suitable housing, physical and mental health care, civic, cultural and recreational activities and an overall environment conducive to dignity and independence. The Reserve of Geneva is a three-story building with an underground parking garage designed around the needs and wants of seniors who want to take advantage of home ownership atmosphere without all of the responsibility and liability that comes with home ownership.

The residential units are priced with entrance fees ranging from \$68,981 to \$293,580 and monthly fees ranging from \$1,583 to \$3,630. Prospective residents typically use equity generated from the sale of their home to pay the entrance fee. Residents have a meal plan available to them for an additional charge. The entrance fees are returned to residents (or their estate) upon leaving the community from payments made by new incoming residents.

Managing Agent: Essex Corporation ("**Essex**" or the "**Agent**"), a Nebraska corporation, is the property management agent pursuant to a management agreement with The Reserve of Geneva.

Essex Corporation has been active in designing, developing, constructing, marketing, financing and managing senior housing since its inception in 1976. The company offers its services to not-for-profit (or for-profit) sponsors on a bundled or unbundled basis and on a turn-key or joint venture format.

Essex has developed over 3,000 senior housing units in 11 states in the West and Midwest, in projects ranging in size from \$500,000 to \$25,000,000. Essex Corporation currently manages other projects similar to The Reserve of Geneva.

Investor: Access Bank has experience in the acquisition, holding, selling and otherwise dealing with federally tax-exempt mortgage revenue bonds which have been issued to provide permanent financing for senior housing properties. Access Bank was established in 2007 by investors and bank management and has quickly become a top performer in the market. The Access Bank team has over 200 years of combined banking experience specializing in commercial banking transactions mostly between \$500,000 and \$30,000,000 in size. Access Bank is considered "well capitalized" as defined by the federal guidelines with a strong balance sheet, limited credit losses, and is highly rated by its regulators. Access Bank has partnered with other regional banks as participants in this transaction, each with experience in tax-exempt mortgage revenue bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Kane County Senior Living d/b/a The Reserve of Geneva
Location: 2508 Kaneville Road, Geneva, IL 60134
Project name: The Reserve of Geneva
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Contact: Julie Bennett, Essex Corporation

Board Members: Ron Koeppel, President & Director
Charley Gill, Vice President, Treasurer & Director
Ralph Little, Secretary & Director
Alice Collins, Director
Frankie J. Pane, Director
Open Position, Director

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Kutak Rock, LLP	Omaha, NE	Howard Hahn
Bond Counsel:	Baird Holm	Omaha, NE	Charles Addy
Bond Purchaser:	Access Bank	Omaha, NE	Nathan Christ
Accountant:	Lutz & Company	Omaha, NE	Shawn Wederquist
Management Agent:	Essex Corporation	Omaha, NE	Kent Braasch
IFA Financial Advisor:	Sycamore Advisors	Chicago, IL	Melanie Shaker
Issuer's Counsel:	Hinshaw & Culbertson	Chicago, IL	Leslie Richards-Yellen

LEGISLATIVE DISTRICTS

Congressional: 14
State Senate: 25
State House: 50

SERVICE AREA

The Reserve of Geneva's primary service area includes the city of Geneva, IL and its surrounding community.