



February 18, 2015

**\$65,000,000**  
**Lifespace Communities, Inc.**

<b>REQUEST</b>	<p><b>Purpose:</b> The proceeds will be used by <b>Lifespace Communities, Inc.</b> (the “<b>Corporation</b>” or the “<b>Borrower</b>”) to: (i) fund remodeling, renovating, improving and equipping of the Beacon Hill facility in the approximate amount of \$19,300,000; (ii) refund the Series 1999A Beacon Hill Bonds, outstanding in the approximate amount of \$3,600,000; (iii) refund Lifespace’s Series 2010T Taxable Bonds, outstanding in the approximate amount of \$4,700,000; (iv) refund a portion of Lifespace’s Series 2013 Direct Placement Bonds, outstanding in the approximate amount of \$10,545,520; (v) refund the Series 2003A Friendship Village of South Hills (PA) Bonds, outstanding in the approximate amount of \$4,060,000; and (vi) pay costs of issuance.</p> <p>The portion of the Series 2013 Direct Placement that is being refinanced was used to fund projects located at Claridge Court in Prairie Village, Kansas, and Friendship Village of South Hills in St. Clair, Pennsylvania.</p> <p>The issue will consist of approximately \$60,500,000 of tax-exempt Series 2015A Bonds and approximately \$4,500,000 of taxable Series 2015B Bonds.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																
<b>BOARD ACTIONS</b>	Final Bond Resolution (One-time consideration)																
<b>MATERIAL CHANGES</b>	None. This is the first time this project is being presented to the IFA Board of Directors.																
<b>JOB DATA</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">233</td> <td style="width: 30%;">Current jobs</td> <td style="width: 10%; text-align: center;">20</td> <td style="width: 30%;">New jobs projected</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td>Retained jobs</td> <td style="text-align: center;">22</td> <td>Construction jobs projected (12-16 months)</td> </tr> </table>	233	Current jobs	20	New jobs projected	N/A	Retained jobs	22	Construction jobs projected (12-16 months)								
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: Lombard / DuPage County / Northeast Region, Upper St. Clair/Allegheny County/Pennsylvania, and Johnson County, Kansas.</li> <li>• Beacon Hill consists of approximately 389 independent living units and 189 skilled nursing beds. The Beacon Hill project consists of adding a fitness center, auditorium and additional dining venue. The Project will also create some common areas connecting two main buildings on the Beacon Hill campus.</li> <li>• Beacon Hill is a member of the Lifespace Communities Obligated Group. Lifespace is a non-profit senior living system that provides housing, health care and other related services to senior citizens. The Lifespace Obligated Group, including Beacon Hill, consists of 10 communities.</li> </ul>																
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Bonds will be fixed rate bonds sold through a public offering. Lifespace Obligated Group carries a Fitch “A” rating. The existing “A” rating is expected to be retained. The Series 2015A Bonds will be tax-exempt, and the Series 2015B Bonds will be taxable.</li> </ul>																
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• First mortgage on property and equipment of the obligated group, and a gross revenue pledge.</li> </ul>																
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than August 15, 2045 (30 years).</li> </ul>																
<b>SOURCES AND USES</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Sources:</b></th> <th style="text-align: left;"><b>Uses:</b></th> </tr> </thead> <tbody> <tr> <td>IFA Series 2015A Tax-Exempt Bonds</td> <td>Beacon Hill Project</td> </tr> <tr> <td>IFA Series 2015B Taxable Bonds</td> <td>Refunding Escrow</td> </tr> <tr> <td></td> <td>Allowance for Original Issue</td> </tr> <tr> <td></td> <td>Discount/Debt Svc. Res.</td> </tr> <tr> <td>Trustee-Held Funds</td> <td>Fund</td> </tr> <tr> <td></td> <td>Costs of Issuance</td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td style="text-align: right;"><b>Total</b></td> </tr> </tbody> </table>	<b>Sources:</b>	<b>Uses:</b>	IFA Series 2015A Tax-Exempt Bonds	Beacon Hill Project	IFA Series 2015B Taxable Bonds	Refunding Escrow		Allowance for Original Issue		Discount/Debt Svc. Res.	Trustee-Held Funds	Fund		Costs of Issuance	<b>Total</b>	<b>Total</b>
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<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
February 18, 2015**

**Project: Lifespace Communities, Inc.**

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**STATISTICS**

Project Number:	H-SL-TE-CD-8723	Amount:	\$65,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
IL Location:	Lombard	IL County/	
		Region:	DuPage/Northeast
PA Location:	Upper St. Clair	PA County:	Allegheny
KS Location:	Prairie Village, KS	KS County:	Johnson County

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**BOARD ACTION**

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

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**VOTING RECORD**

None. This is the first time this project is being presented to the IFA Board of Directors.

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**PURPOSE**

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The portion of the Series 2013 Direct Placement that is being refinanced was used to fund projects located at Claridge Court in Prairie Village, Kansas, and Friendship Village of South Hills in St. Clair, Pennsylvania.

The issue will consist of approximately \$60,500,000 of tax-exempt Series 2015A Bonds and approximately \$4,500,000 of taxable Series 2015B Bonds.

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**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.

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**VOLUME CAP**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Series 2015A Tax-Exempt Bonds	\$60,500,000	Beacon Hill Project	\$19,300,000
IFA Series 2015B Taxable Bonds	4,500,000	Refunding Escrow	41,925,000
Trustee-Held Funds	<u>2,579,513</u>	Allowance for Original Issue Discount/Cushion/	
			5,054,513
		Debt Svc. Reserve Funds	
		Costs of Issuance	<u>1,300,000</u>
<b>Total</b>	<b><u>\$67,579,513</u></b>	<b>Total</b>	<b><u>\$67,579,513</u></b>

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**JOBS**

Current employment:	233	Projected new jobs:	20
Jobs retained:	N/A	Construction jobs:	22 (12-16 months)

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**FINANCING SUMMARY**

Structure:	Fixed rate, taxable and tax-exempt serial and term bonds sold through a public offering by Ziegler based on the underlying investment grade rating of the Borrower (Obligated Group).
Interest Rate:	To be determined on the day of pricing.
Interest Rate Modes:	Fixed through final maturities
Underlying Ratings:	Rated 'A' by Fitch Ratings (for Lifespace Communities, Inc.)
Maturity:	No later than August 15, 2045
Estimated Closing Date:	March 19, 2015
Rationale:	The refunding at both Beacon Hill and South Hills (PA) will generate cash flow savings for the Borrower and will match the original maturities of the Bonds. The new money projects at the Beacon Hill campus will improve the quality of life for residents and their families, and will be accretive to the overall financial success of Beacon Hill over the long term. The new projects will enhance Beacon Hill's competitiveness in its marketplace.

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**PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)**

**Purpose:** The proceeds will be used by **Lifespace Communities, Inc.** (the "**Corporation**" or the "**Borrower**") to: (i) fund remodeling, renovating, improving and equipping of the Beacon Hill facility in the approximate amount of \$19,300,000; (ii) refund the Series 1999A Beacon Hill Bonds, outstanding in the approximate amount of \$3,600,000; (iii) refund Lifespace's Series 2010T Taxable Bonds, outstanding in the approximate amount of \$4,700,000; (iv) refund a portion of Lifespace's Series 2013 Direct Placement Bonds, outstanding in the approximate amount of \$10,545,520; (v) refund the Series 2003A Friendship Village of South Hills (PA) Bonds, outstanding in the approximate amount of \$4,060,000; and (vi) pay costs of issuance.

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### BUSINESS SUMMARY

The Borrower, Lifespace Communities, Inc., is an Iowa nonprofit corporation organized for the purpose of owning and operating continuing care retirement communities (CCRCs) located throughout the United States. The Borrower is the sole member of the Obligated Group; none of the affiliates have any responsibility for repayment of the Borrower's bond debt.

The Borrower currently owns and operates ten CCRCs in six states, and is the sole member of the Lifespace Communities Obligated Group (OG). The communities in the OG have a total of 2,537 independent living units, 144 villas, 22 assisted living units, 662 nursing care beds and 53 boarding care units, for an aggregate of 3,418 units. The communities are all unincorporated divisions consisting of:

- Abbey Delray, Abbey Delray South and Harbour's Edge, all located in Delray Beach, Florida;
  - Friendship Village of Bloomington in Bloomington, Minnesota;
  - The Waterford in Juno Beach, Florida;
  - Friendship Village of South Hills in Upper St. Clair, Pennsylvania;
  - Beacon Hill in Lombard, Illinois;
  - Village on the Green in Orlando, Florida;
  - Grand Lodge at the Preserve in Lincoln, Nebraska; and
  - Claridge Court in Prairie Village, Kansas.
- Non-obligated subsidiaries of the Borrower include: (i) Lifespace DG, LLC (dba Oak Trace Community, fka Fairview Village), an Illinois nonprofit corporation CCRC located in Downers Grove (DuPage County), Illinois and acquired by Lifespace DG in August 2011; (ii) Deerfield Retirement Community, Inc., an Iowa nonprofit corporation which owns and operates a CCRC in suburban Des Moines, Iowa, and is managed by the Borrower; and (iii) The Lifespace Foundation, which serves as the fundraising arm for the Borrower.

Beacon Hill is located in Lombard, Illinois (DuPage County) on an approximately 19.5 acre site, and is comprised of 389 independent living units, common areas, and a skilled nursing facility with 108 skilled nursing care beds.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Lifespace Communities, Inc.

Site Address: Lifespace Communities, Inc.  
100 East Grand Avenue, Suite 300  
Des Moines, IA 50309-1835

Contact: Larry Smith, CFO. Phone: 515/288-5805

Website: [www.lifespacecommunities.com](http://www.lifespacecommunities.com)

Project name: Beacon Hill

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

State: Lifespace Communities, Inc. is an Iowa not-for-profit that operates communities located in Florida, Minnesota, Pennsylvania, Illinois, Nebraska and Kansas. Non-Obligated Group members are located in Illinois and Iowa.

Board of Directors:

<b>Board Member</b>	<b>Occupation</b>	<b>Began on Board</b>
Donald W. Bourne (San Francisco, CA)	Operations Manager for Swinteron Builders	1992
William R. Cook (Board Chair) (West Des Moines, IA)	Retired Partner for Deloitte & Touche	2004
Rita M. Dragonette (Chicago, IL)	Principal of Dragonette Career Strategies	2007
E. Laverne Epp (Lawrence, KS)	Executive Chair, Bioscience & Technology Business Center at KU (Kansas University)	2009
John J. Kaduce (West Des Moines, IA)	Retired Chief Executive Officer of Lifespace Communities, Inc.	1990
Robert C. Kehm (Overland, KS)	Retired Partner for KPMG LLP	2009
Paula J. Shives (Vice Chair) (Orlando, FL)	Retired Senior Vice President, Secretary and General Counsel for Darden Restaurants, Inc.	2005
Ann M. Wagner-Hauser (Minnetrista, MN)	Retired President (Des Moines and Central Territory Manager) from Northwest Bank Des Moines	2002
M. Sloan Bentley	President and Chief Executive Officer of Lifespace Communities, Inc.	2014

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Dorsey & Whitney LLP	Des Moines, IA	David Grossklaus
Bond Counsel	Gilmore & Bell	Kansas City, MO	Rick Wright
Underwriter(s):	Ziegler	Chicago	Dan Hermann
Underwriters' Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Trustee:	U.S. Bank	Miami, FL	Mike Daly
Trustee's Counsel:	Holland & Knight	Lakeland, FL	Mike Wiene
IFA Counsel:	Chapman and Cutler, LLP	Chicago	David J. Kates
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	6
State Senate:	24
State House:	48

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**SERVICE AREA**

- Beacon Hill is located in the Village of Lombard in DuPage County, Illinois. The primary market area is the Chicago western suburbs, located in DuPage County and western Cook County. Lombard is located approximately 22 miles due west of the central business district of the city of Chicago. It is part of the west suburban growth corridor that includes the towns of Elmhurst, Oak Brook and Villa Park on the east and Glen Ellyn and Wheaton on the west. Lombard is located on the Union Pacific West commuter rail line (formerly Chicago and Northwestern Railroad), which has driven the growth of these towns over the last 60+ years.
- Senior living communities that are considered to be key competition for prospective residents are located within approximately 15 miles of Beacon Hill. Primary competitors include Windsor Park, Wyndemere, The Devonshire, The Meadows, Lexington of Lombard, Lexington of Elmhurst, Park Place, Plymouth Place, and Oak Trace (which is affiliated with Lifespace Communities).