



December 10, 2015 **\$7,517,000 (not-to-exceed)**
Norwegian Lutheran Bethesda Home Association

REQUEST **Purpose:** Bond proceeds will be loaned to **Norwegian Lutheran Bethesda Home Association, d/b/a Bethesda Home and Retirement Center**, an Illinois not for profit corporation (the “**Association**”), **Bethesda Foundation**, an Illinois not-for-profit corporation (the “**Foundation**”) and **Bethesda Charitable Group, Inc.**, an Illinois not-for-profit corporation (the “**Charitable Group**”) and, together with the Foundation and the Association, the “**Borrower**”) in order to (i) demolish the Association’s existing vacant east building at the Bethesda Home and Retirement Center (the “**Retirement Center**”), a senior living housing facility located at 2833 North Nordica Avenue, Chicago, Illinois, construct a new 2,000 square foot rehabilitation center at the Retirement Center, remodel the first floor of the existing Retirement Center building and make related renovations and improvements thereto (all such facilities being owned and operated by the Association and referred to collectively as the “**Project**”), (ii) repay certain indebtedness of the Borrower incurred to pay costs of the Project and to refund the Authority’s \$1,948,200 Revenue Bond (Bethesda Home and Retirement Center Project), Series 2012 (the “**2012 Bond**”); and (iii) pay costs of issuance and other costs related to the Bond and the Project (collectively, the “**Financing Purposes**”).
Program: Conduit 501(c)(3) Revenue Bonds
Extraordinary Conditions: None.

BOARD ACTIONS Final Bond Resolution
 Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies.

MATERIAL CHANGES Sources and Uses updated.

JOB DATA

96	Current jobs	10	New jobs projected
N/A	Retained jobs	102	Construction jobs projected (9 months)

DESCRIPTION

- Location: Chicago/Cook County/Northeast Region
- Together, Bethesda Charitable Group, Inc. and its controlled affiliates, including Norwegian Lutheran Bethesda Home Association d/b/a Bethesda Home and Retirement Center and Bethesda Foundation, have a 100-plus year history of providing housing, health care and other related services to residents of a retirement home and nursing facility located on Chicago’s Northwest Side.
- Bethesda Home is a member of American Association of Homes and Services for the Aging (“AAHSA”) and Life Services Network of Illinois.
- Bethesda Home is undertaking construction of a new rehabilitation center of approximately 2,000 square feet with the ability to provide both inpatient and outpatient therapy as part of its planned skilled nursing expansion. Remodeling the first floor of the existing Center Building to create 16 private rehab patient rooms with completely remodeled bathrooms (including walk-in showers) will help complete Bethesda Home’s repositioning towards rehabilitation services expansion.

CREDIT INDICATORS • The IFA Bonds will be sold on a non-rated, unenhanced basis, and accordingly, will be a direct-purchase by **MB Financial Bank, N.A.** (“**MB**”). The Borrower is a non-rated entity.

SECURITY • MB will be secured by a first mortgage on the subject property. Additionally, MB Financial Bank will cross-collateralize and cross-default all other credit facilities between the Bank and the Borrower (and its affiliates).

MATURITY • Construction period of 9 months with initial term thereafter of 7 years amortized over 25 years (i.e., 7/1/2041)

INTEREST RATE • The Bonds will bear a fixed interest rate during the initial 7-year term that is negotiated and established prior to closing, currently estimated at between 2.50% and 4.00% (as of November 1, 2015).

SOURCES AND USES ESTIMATED	Sources:		Uses:	
	IFA Bonds	\$7,517,000	Project Costs	\$5,914,355
	Equity	<u>114,355</u>	Interim Loan Refinancing	1,093,000
			Series 2012 Refunding	549,000
			Costs of Issuance	<u>75,000</u>
	Total	<u>\$7,631,355</u>	Total	<u>\$7,631,355</u>

RECOMMENDATION	Credit Review Committee recommends approval.
-----------------------	--

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 10, 2015**

Project: Norwegian Lutheran Bethesda Home Association

STATISTICS

Project Number:	12311	Amount:	\$7,517,000 (Not-to-Exceed Amount)
Type:	501(c)(3) Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/Region:	Cook/Northeast

BOARD ACTION

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

VOTING RECORD

Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies..

PURPOSE

Bond proceeds will be loaned to **Norwegian Lutheran Bethesda Home Association, d/b/a Bethesda Home and Retirement Center**, an Illinois not for profit corporation (the “**Association**”), **Bethesda Foundation**, an Illinois not-for-profit corporation (the “**Foundation**”) and **Bethesda Charitable Group, Inc.**, an Illinois not-for-profit corporation (the “**Charitable Group**”) and, together with the Foundation and the Association, the “**Borrower**”) in order to (i) demolish the Association’s existing vacant east building at the Bethesda Home and Retirement Center (the “**Retirement Center**”), a senior living housing facility located at 2833 North Nordica Avenue, Chicago, Illinois, construct a new 2,000 square foot rehabilitation center at the Retirement Center, remodel the first floor of the existing Retirement Center building and make related renovations and improvements thereto (all such facilities being owned and operated by the Association and referred to collectively as the “**Project**”), (ii) repay certain indebtedness of the Borrower incurred to pay costs of the Project and to refund the Authority’s \$1,948,200 Revenue Bond (Bethesda Home and Retirement Center Project), Series 2012 (the “**2012 Bond**”); and (iii) pay costs of issuance and other costs related to the Bond and the Project (collectively, 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, thereby reducing the borrower’s interest expense.

VOLUME CAP

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

JOBS

Current employment:	96	New jobs projected:	10
		Construction jobs projected:	102 (9 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$7,517,000	Project Costs	\$5,914,355
Equity	<u>114,355</u>	Interim Loan Refinancing	1,093,000
		Series 2012 Refunding	549,000
		Costs of Issuance	<u>75,000</u>
Total	<u>\$7,631,355</u>	Total	<u>\$7,631,355</u>

FINANCING SUMMARY

Structure: The Bonds will be purchased directly by MB Financial Bank, N.A and held as a direct investment for an expected initial term of 7 years (and a construction period of 9 months).

Security: MB Financial Bank, N.A will be secured by a first mortgage on the subject property. Additionally, MB Financial Bank will cross-collateralize and cross-default all other lending agreements between the Bank and the Borrower (and affiliates).

Underlying Rating: Norwegian Lutheran Bethesda Home Association is a non-rated entity.

Interest Rate: The Bonds will bear a fixed or synthetically fixed interest rate that is negotiated and established prior to closing, currently estimated at between 2.50% and 4.00% (as of November 1, 2015).

Maturity: Initial term of 7 years amortized over 25 years, (i.e., 7/1/2041)

Estimated Closing Date: December 2015/January 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Norwegian Lutheran Bethesda Home Association, d/b/a Bethesda Home and Retirement Center**, an Illinois not for profit corporation (the “**Association**”), **Bethesda Foundation**, an Illinois not-for-profit corporation (the “**Foundation**”) and **Bethesda Charitable Group, Inc.**, an Illinois not-for-profit corporation (the “**Charitable Group**”) and, together with the Foundation and the Association, the “**Borrower**”) in order to (i) demolish the Association’s existing vacant east building at the Bethesda Home and Retirement Center (the “**Retirement Center**”), a senior living housing facility located at 2833 North Nordica Avenue, Chicago, Illinois, construct a new 2,000 square foot rehabilitation center at the Retirement Center, remodel the first floor of the existing Retirement Center building and make related renovations and improvements thereto (all such facilities being owned and operated by the Association and referred to collectively as the “**Project**”), (ii) repay certain indebtedness of the Borrower incurred to pay costs of the Project and to refund the Authority’s \$1,948,200 Revenue Bond (Bethesda Home and Retirement Center Project), Series 2012 (the “**2012 Bond**”); and (iii) pay costs of issuance and other costs related to the Bond and the Project (collectively, the “**Financing Purposes**”).

Estimated Project costs (including certain indebtedness already incurred) consist of the following:

Construction	\$5,029,255
Architectural/Engineering	414,000
Development and Entitlements	446,000
Fixtures/Equipment	264,000
Owner’s Budget	582,100
Contingency	225,000
Pre-Construction Services	<u>47,000</u>
Total:	<u>\$7,007,355</u>

BUSINESS SUMMARY

Description: **Bethesda Charitable Group, Inc.** (the “**Charitable Group**”) and its controlled affiliates, Norwegian Lutheran Bethesda Home Association d/b/a **Bethesda Home and Retirement Center** (the “**Center**”), and **Bethesda Foundation** (the “**Foundation**”, and together with the Charitable Group and the Center, the “**Borrower**”), are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxes. The entities are incorporated under the laws of the State of Illinois.

Please see Economic Disclosure Section (p. 5) for a list of the Board of Directors of the Charitable Group.

Background: The principal purpose of the Group is to provide housing, health care and other related services to the residents of a retirement home and nursing facility located in Chicago, Illinois. The mission of Bethesda Home has always been to put residents first and create a place of comfort and security for older adults. The first building opened in 1911 with room for 19 residents. Bethesda Home moved to its current site in 1925, where the building initially housed 70 residents. Bethesda has completed a series of expansion and renovation projects in subsequent decades, enabling Bethesda Home to reach its current capacity of 162 residents (licensed beds) with a continuum of care that meets the needs of the senior population in Northwest Chicago and surrounding west and northwest suburban communities.

Currently, Bethesda Home has 99 licensed beds in operation (20 sheltered care; 33 intermediate care; and 46 skilled nursing). Sheltered care is for seniors who are mostly self-sufficient but can benefit from occasional help or supervision. Residents maintain their independence while benefiting from nursing care that is available when needed. Intermediate Care is best for anyone who needs nursing assistance every day, whether it is help with dressing, toileting, eating, or all daily living activities. Caring staff assists intermediate care residents 24 hours per day. Intermediate care residents can choose to live in a semi-private or private room. Finally, Skilled Care residents require assistance in all daily living activities. Bethesda Home’s team of licensed medical professionals provides full-time care and services that include physical therapy, occupational therapy and/or speech pathology.

Upon completion of the skilled nursing expansion contemplated herein, skilled nursing bed capacity will increase from 46 beds to 62 beds, while sheltered care and intermediate care beds capacities will remain unchanged (at 20 beds and 33 beds, respectively). Overall, this expansion will result in an increase of 16 beds in operation (from 99 to 115) – all in skilled nursing (and rehabilitation). This rehabilitation services expansion will expand Bethesda Home and Retirement Center’s partnership with Alliance Rehabilitation Services, a Symbria company (see www.symbria.com/aboutus), providing an individualized approach to physical, occupational, and speech therapies. Rehabilitation services include a comprehensive, in-patient rehabilitation program, a physiatrist- (i.e., rehabilitation physician) guided rehabilitation model, and personalized aftercare plans aimed at restoring each patient to his/her highest level of functioning.

Bethesda Home’s currently has one IFA bond issue outstanding. The outstanding balance of its IFA Series 2012 Bonds was approximately \$615,922 as of 9/6/2015. The direct purchaser/bond investor of the Series 2012 Bonds is also MB Financial Bank (which will continue to be the Borrower’s relationship bank following completion of the proposed financing).

All bond payments on Bethesda Home’s existing IFA Series 2012 Bonds were current as of 9/6/2015. All payments have been made as scheduled.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Norwegian Lutheran Bethesda Home Association, 2833 North Nordica Avenue, Chicago, IL 60634-4726

Contact: Mr. Rich Lanis, Director of Finance: (T) 773-622-6144 (F) 773-622-8261

Website: <http://www.bethesdahome.com/>

Project name: IFA Revenue and Revenue Refunding Bonds (Bethesda Home), Series 2015

Organization: Illinois not-for-profits established as a 501(c)(3) corporation under the Internal Revenue Code

Board of Directors: Marc Arndt-Vice Chair
Mary Beth Buschmann-Secretary
Dirk Danker
Howard Hamilton
Amalea Hendricksen
David Hoyem
Elsa Jacobson
John Kambanis
John Lattyak-Chair
Jim McClanahan
Mary Rasmusson
Laverne Schwartz
John Stodden

PROFESSIONAL & FINANCIAL

Auditor:	BKD, LLP	Oak Brook Terrace	
Borrower's Counsel:	Chuhak & Tecson, P.C.	Chicago	Andrew P. Tecson Kimberly T. Boike
Bond Counsel:	Greenberg Traurig, LLP	Chicago	Matt Lewin
Bank (Direct Purchaser):	MB Financial Bank, N.A.	Chicago	John Sassaris Christian Streu
Bank Counsel:	Krieg DeVault LLP	Chicago	Ross D. Taylor Tyler Ferguson
IFA Counsel:	Shanahan & Shanahan LLP	Chicago	Jimmy Shanahan
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

LEGISLATIVE DISTRICTS

Congressional: 4
State Senate: 2
State House: 3

SERVICE AREA

Bethesda Home and Retirement Center is located in a residential neighborhood on the northwest side of Chicago. Residents are drawn from surrounding areas of Northwest Chicago and nearby suburbs including Oak Park, Norridge, Franklin Park, Norridge, Oak Park, and River Forest.

