



July 9, 2015

**\$45,000,000 (not-to-exceed amount)**  
**Villa St. Benedict**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by Villa St. Benedict (the “<b>Corporation</b>” or the “<b>Borrower</b>”) to: (i) current refund all or a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 2003A-1 (the “<b>Prior Bonds</b>”); (ii) pay or reimburse the Borrower for the payment of all or a portion of the costs of renovating and equipping the Corporation’s existing senior living facilities owned by the Borrower, and all necessary and attendant facilities, equipment, site work, zoning, entitlements and utilities related thereto; (iii) fund a debt service reserve fund; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None</p>																												
<b>BOARD ACTIONS</b>	<p>Final Bond Resolution</p> <p>Voting Record (June 11, 2015) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 3 Absent (Goetz, Knox, Leonard); 3 Vacant.</p>																												
<b>MATERIAL CHANGES</b>	<p>FY 2014 audited financials; request for waivers of non-rated debt policy</p>																												
<b>JOB DATA</b>	<table border="0"> <tr> <td>125</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	125	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected																				
125	Current jobs	N/A	New jobs projected																										
N/A	Retained jobs	N/A	Construction jobs projected																										
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Lisle (DuPage County/Northeast Region)</li> <li>• Villa St. Benedict (the “Corporation”) was incorporated on June 25, 2000, under the Minnesota Non-Profit Corporation Law exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC). The Corporation has two corporate members: the Benedictine Sisters of the Sacred Heart (“BSSH” or “Sisters”) and Benedictine Health System (“BHS”). The Corporation was created and organized to own, maintain, operate, and conduct facilities for long-term and congregate care, and assisted and independent living to the elderly in a single campus community in Lisle, Illinois.</li> <li>• The Corporation owns and operates a continuing care community, which includes 56 independent living villas, 141 independent living apartments, 65 assisted living units (including 14 memory support units), an underground parking structure, and related common areas.</li> </ul>																												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The Bonds are expected to be secured by an assignment of a first leasehold mortgage and a collateral assignment of rents and leases.</li> </ul>																												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Corporation is a non-rated, single-purpose entity whose only current property is the subject project facility which it owns, on ground leased from BSSH (one of its corporate members) through December 31, 2033 (at that time, the lease will automatically renew for 10 additional years as long as the lease has not been terminated in accordance with specific provision). A feasibility study is being prepared by Management and CliftonLarsonAllen LLP. The feasibility study will be included in the prospectus/official statement.</li> <li>• The Corporation is requesting a waiver of the Authority’s policy for non-rated debt. The resolution approving the financing will be subject to the delivery of a an executed Feasibility Study to the Authority, which Feasibility Study shall demonstrate the financial viability of the Corporation after the issuance of the Series 2015 Bonds and the ability of the Corporation to pay debt service on the Series 2015 Bonds. The Corporation is also requesting a waiver of the requirement that there has not been a default in the preceding 3 years, since they have been operating under a forbearance agreement with the bondholders since 2010.</li> </ul>																												
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• The Bonds will be fixed rate bonds sold through a public offering. The current maturity on the Prior Bonds is 2033. A 10 year extension (2043) structure is currently being contemplated.</li> </ul>																												
<b>SOURCES AND USES (SUBJECT TO CHANGE)</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td>\$39,190,000</td> <td>Series 2003A-1 Refinancing</td> <td>\$34,043,595</td> </tr> <tr> <td>Trustee Held Funds</td> <td>\$3,684,900</td> <td>Series 2003A-1 Missed Principal</td> <td>\$4,600,000</td> </tr> <tr> <td>Equity Contribution</td> <td><u>\$587,850</u></td> <td>Cap-Ex Reimbursement</td> <td>\$585,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td>\$1,371,895</td> </tr> <tr> <td></td> <td></td> <td>Debt Service Reserve Fund</td> <td><u>\$2,862,260</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$43,462,750</u></b></td> <td><b>Total</b></td> <td><b><u>\$43,462,750</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$39,190,000	Series 2003A-1 Refinancing	\$34,043,595	Trustee Held Funds	\$3,684,900	Series 2003A-1 Missed Principal	\$4,600,000	Equity Contribution	<u>\$587,850</u>	Cap-Ex Reimbursement	\$585,000			Costs of Issuance	\$1,371,895			Debt Service Reserve Fund	<u>\$2,862,260</u>	<b>Total</b>	<b><u>\$43,462,750</u></b>	<b>Total</b>	<b><u>\$43,462,750</u></b>
<b>Sources:</b>		<b>Uses:</b>																											
IFA Bonds	\$39,190,000	Series 2003A-1 Refinancing	\$34,043,595																										
Trustee Held Funds	\$3,684,900	Series 2003A-1 Missed Principal	\$4,600,000																										
Equity Contribution	<u>\$587,850</u>	Cap-Ex Reimbursement	\$585,000																										
		Costs of Issuance	\$1,371,895																										
		Debt Service Reserve Fund	<u>\$2,862,260</u>																										
<b>Total</b>	<b><u>\$43,462,750</u></b>	<b>Total</b>	<b><u>\$43,462,750</u></b>																										
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>																												

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 July 9, 2015**

**Project: Villa St. Benedict**

**STATISTICS**

Project Number: H-SL-TE-CD-8705	Amount: \$45,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
City: Lisle	County/Region: DuPage/Northeast

**BOARD ACTION**

Final Bond Resolution	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	EXTRAORDINARY CONDITION:
Credit Review Committee recommends approval	Waiver of Non-Rated Debt Policy being requested

**VOTING RECORD**

Voting Record (June 11, 2015) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 3 Absent (Goetz, Knox, Leonard); 3 Vacant.

**PURPOSE**

Bond proceeds will be used by Villa St. Benedict (the “**Corporation**” or the “**Borrower**”) to: (i) current refund all or a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 2003A-1 (the “**Prior Bonds**”); (ii) pay or reimburse the Borrower for the payment of all or a portion of the costs of renovating and equipping the Corporation’s existing senior living facilities owned by the Borrower, and all necessary and attendant facilities, equipment, site work, zoning, entitlements and utilities related thereto; (iii) fund a debt service reserve fund; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (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 and thereby reducing the borrower’s interest expense.

**VOLUME CAP**

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

**JOBS**

Current employment: 125	Projected new jobs: N/A
Retained jobs: N/A	Construction jobs: N/A

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	\$39,190,000	Series 2003A-1 Refinancing	\$34,043,595
Trustee Held Funds	\$3,684,900	Series 2003A-1 Missed Principal	\$4,600,000
Equity Contribution	<u>\$587,850</u>	Cap-Ex Reimbursement	\$585,000
		Costs of Issuance	\$1,371,895
		Debt Service Reserve Fund	<u>\$2,862,260</u>
<b>Total</b>	<b><u>\$43,462,750</u></b>	<b>Total</b>	<b><u>\$43,462,750</u></b>

---

**FINANCING SUMMARY**

Security:	The proposed publicly offered Refunding Bonds are expected to be secured by a first leasehold mortgage on the Villa St. Benedict project and a collateral assignment of rents and leases.
Structure:	Fixed rate, tax-exempt bonds sold through a public offering.
Interest Rate:	To be determined on the day of pricing.
Interest Mode:	Fixed through final maturities.
Maturity:	November 15, 2043
Rating:	Non-rated
Estimated Closing Date:	September 2015

---

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

Bond proceeds will be used by Villa St. Benedict (the “**Corporation**” or the “**Borrower**”) to: (i) current refund all or a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 2003A-1 (the “**Prior Bonds**”); (ii) pay or reimburse the Borrower for the payment of all or a portion of the costs of renovating and equipping the Corporation’s existing senior living facilities owned by the Borrower, and all necessary and attendant facilities, equipment, site work, zoning, entitlements and utilities related thereto; (iii) fund a debt service reserve fund; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

**[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]**

---

### BUSINESS SUMMARY

**Villa St. Benedict** (the “**Corporation**”) is a nonprofit corporation organized under the laws of the State of Minnesota and qualified to do business in the State of Illinois. The Corporation was formed on January 25, 2000 to develop and operate independent living apartments, additional assisted living units and townhome-type senior housing structures on the campus of the Benedictine Sisters of the Sacred Heart in Lisle, Illinois, in accordance with the charitable works tradition of the Roman Catholic Church.

The Corporation is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), by virtue of being an organization described in Section 501(c)(3) of the Code and is not a private foundation within the meaning of Section 509(a) of the Code.

The Corporation has two corporate members: Benedictine Sisters of the Sacred Heart (“BSSH”), an Illinois not-for-profit corporation, and Benedictine Health System (“BHS”), a Minnesota nonprofit corporation.

Although the Borrower has operated the campus under a Forbearance Agreement since August 1, 2010, after much effort the interest due to the Bondholders is current and paid in full. During the extended fill period, BHS and the Sisters have advanced cash to cover operating losses and certain amounts due for debt service. BHS has taken back notes to evidence the advances, but to date cash flow has been insufficient to make any payments on this obligation. Please see below for additional information on the notes to BHS and the Sisters.

The Corporation borrowed \$6,258,000 from BHS to finance costs incurred in connection with development of the campus. The remaining \$6,000,000 balance is subordinate to payment of the debt service on the Series 2003A-1 Bonds and is forecasted to be subordinate to the Series 2015 Bonds. The note bears interest at 6.9%. Interest payments have not been made on this note and the accrued interest related to this note is included in other liabilities in the Corporation’s balance sheet. The Corporation has forecasted no payments on this loan through June 30, 2018.

The Corporation borrowed \$510,502 from BSSH to finance costs incurred to develop the campus prior to permanent financing and an additional \$68,219 from BSSH to finance various repairs. The note is subordinate to payment of the debt service on the Series 2003A-1 Bonds and is forecasted to be subordinate to the Series 2015 Bonds. The note payable bears interest at 6.9%. Interest payments have not been made on this note and the accrued interest related to this note is included in other liabilities in the Corporation’s balance sheet. The Corporation has forecasted no payments on this loan through June 30, 2018.

During the year ended June 30, 2009, the Corporation borrowed \$150,000 from BHS to finance required contributions to the bond funds for debt service. The remaining \$150,000 balance is subordinate to payment of the debt service on the Series 2003A-1 Bonds and is forecasted to be subordinate to the Series 2015 Bonds. The note payable bears interest at 6.9%. Interest payments have not been made on this note and the accrued interest related to this note is included in other liabilities in the Corporation’s balance sheet. The Corporation has forecasted no payments on this loan through June 30, 2018.

**[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]**

---

**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Villa St. Benedict  
Location: 1920 Maple Ave.  
Lisle (DuPage County), IL  
60532  
Project name: Villa St. Benedict (IFA Series 2015 Bonds)  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Contact: Kathy DiCristina, CEO – (630)-725-7000 - [kdicristina@villastben.org](mailto:kdicristina@villastben.org)

Board of Trustees:

Thomas J. Norris, Chair  
Sister Helen Jilek, OSB, Vice Chair  
Kevin Rymanowski, Treasurer  
Alice Sima, Secretary  
Sister Sharon M. Stola  
Sister Judith A. Heble, OSB  
John Vidmar  
Abbot H. Anderson, OSB  
Peter Wrenn  
Sister Clare M. Trettel, OSB

---

**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Nixon Peabody LLP	Chicago	James Broeking
Underwriter:	Ziegler	Chicago	Steve Johnson
Bond Counsel:	Chapman and Cutler LLP	Chicago	John Bibby
Underwriter's Counsel:	Dentons	Chicago	Katie Ashton
Bond Trustee:	UMB	Minneapolis	Ginny Housum
Trustee's Counsel:	Mintz Levin	Boston	Poonam Patidar
Issuer's Counsel:	Pugh, Jones, & Johnson, P.C.	Chicago	Lorraine Tyson
Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Melanie Shaker

---

**LEGISLATIVE DISTRICTS**

Congressional: 11  
State Senate: 21  
State House: 42

---

**SERVICE AREA**

The primary service area includes DuPage County and selected zip codes in northeast Illinois, including adjacent areas of Cook, Will, and Kane Counties.