



July 13, 2017

**\$9,500,000 (not-to-exceed amount)
YMCA of Rock River Valley**

REQUEST	<p>Purpose: Bond proceeds will be used by YMCA of Rock River Valley, an Illinois not-for-profit corporation (“YMCA” or the “Borrower”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) refund the Illinois Finance Authority Revenue Bond, Series 2013 (YMCA of Rock River Valley) (the “Prior Bond”); (ii) refinance certain taxable indebtedness (the “Prior Taxable Indebtedness”) of the Borrower; (iii) finance the costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping certain facilities of the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bond, all as permitted by the Act (collectively, the “Financing Purposes”).</p> <p>Program: 501(c)(3) Revenue Bonds Extraordinary Conditions: None. No IFA Funds at risk. No State Funds at risk.</p>																
BOARD ACTION	Final Bond Resolution (<i>One-time consideration</i>)																
MATERIAL CHANGES	None. This is the first time this financing proposal has been presented to the IFA Board of Directors.																
JOB DATA	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">635</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">28</td> <td style="text-align: center;">New jobs projected (<i>1 to 2 years</i>)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">80</td> <td style="text-align: center;">Construction jobs projected (<i>6 months</i>)</td> </tr> </table>	635	Current jobs	28	New jobs projected (<i>1 to 2 years</i>)	N/A	Retained jobs	80	Construction jobs projected (<i>6 months</i>)								
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DESCRIPTION	<ul style="list-style-type: none"> • Locations: Rockford and Loves Park/Winnebago County/Northern Stateline Region • Type of entity: The YMCA focuses on strengthening the spiritual, mental and physical well-being of the citizens of the greater Rockford area. YMCA of the Rock River Valley has been in existence for over 130 years (incorporated 8/30/1886) and has operated out of its flagship I.D. Pennock Family YMCA facility in Rockford since 1959, featuring more than 175,000 square feet of building space on 3 floors. The YMCA facility is seated on the Rock River and includes 15 acres of riverfront property in partnership with the Rockford Park District. • Additional facility locations in Rockford include the Puri Family YMCA, the YMCA Children’s Learning Center, and Camp Winnebago YMCA. YMCA of Rock River Valley also operates locations in Loves Park which include the Northeast Family YMCA and Youth Achievement YMCA. • The YMCA of Rock River Valley continues to grow throughout Winnebago County, serving more than 30,000 individuals annually. It is the third largest YMCA Association in Illinois and is ranked in the top 15 percent of YMCAs across the United States. Additionally, it has been recognized locally and nationally for its history of innovation, training and education, leadership, and the quality of their youth programs. 																
CREDIT INDICATORS	<ul style="list-style-type: none"> • YMCA of Rock River Valley is a non-rated entity. • The IFA 501(c)(3) Revenue Bond Series 2017 (YMCA of Rock River Valley) will be purchased directly by Illinois Bank & Trust, a subsidiary of Heartland Financial USA, Inc. (the “Bank” or “Bond Purchaser”). The Bank will be the secured lender and the direct bond investor. 																
STRUCTURE	<ul style="list-style-type: none"> • The Bank will be collateralized by a first security interest in the business assets of the Borrower and a first-priority mortgage and an assignment of rents and leases in connection with the following real properties of the Borrower, located at: (i) 200 Y Blvd., Rockford, IL (“I.D. Pennock Family YMCA”), (ii) 8451 Orth Rd., Loves Park, IL (“Northeast Family YMCA”), (iii) 1475 S. Perryville Rd., Rockford, IL (“Puri Family YMCA”), and (iv) 5804 N. Main St., Rockford, IL (“Camp Winnebago”). • Illinois Bank & Trust will establish a synthetically fixed interest rate with an initial term of 10 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 2.50% and 3.25%. • The final maturity of the Series 2017 Bond is expected to be no later August 1, 2037 (i.e., not-to-exceed 21 years). 																
SOURCES AND USES ESTIMATED	<table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: left;">Sources:</td> <td colspan="2" style="text-align: left;">Uses:</td> </tr> <tr> <td>Series 2017 Bond</td> <td style="text-align: right;">\$9,500,000</td> <td>Series 2013 Refunding</td> <td style="text-align: right;">\$5,234,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>250,000</u></td> <td>Project Costs</td> <td style="text-align: right;">4,266,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>250,000</u></td> </tr> </table>	Sources:		Uses:		Series 2017 Bond	\$9,500,000	Series 2013 Refunding	\$5,234,000	Equity	<u>250,000</u>	Project Costs	4,266,000			Costs of Issuance	<u>250,000</u>
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\$9,500,000 – FINAL ISSUANCE AMOUNT – CLOSED 7/25/17

PAB CONDUIT

July 13, 2017

\$9,500,000 (not-to-exceed amount)
YMCA of Rock River Valley

RECOMMENDATION	Total	<u>\$9,750,000</u>	Total	<u>\$9,750,000</u>
	Credit Review Committee recommends approval.			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 13, 2017**

Project: YMCA of Rock River Valley

STATISTICS

IFA Project:	12399	Amount:	\$9,500,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Rockford	Counties/	
		Region:	Winnebago/Northern Stateline

BOARD ACTION

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

VOTING RECORD

Not applicable. This is the first time this financing has been presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **YMCA of Rock River Valley**, an Illinois not-for-profit corporation (“**YMCA**” or the “**Borrower**”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) refund the Illinois Finance Authority Revenue Bond, Series 2013 (YMCA of Rock River Valley) (the “**Prior Bond**”); (ii) refinance certain taxable indebtedness (the “**Prior Taxable Indebtedness**”) of the Borrower; (iii) finance the costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping certain facilities of the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bond, all as permitted by the Act (collectively, the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects supporting their mission. The IFA’s issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

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

JOBS

Current employment:	635	Projected new jobs:	28 (1 to 2 years)
Jobs Retained:	N/A	Construction jobs:	80 (6 months)

SOURCES AND USES OF FUNDS

Sources:		Uses:	
Series 2017 Bond	\$9,500,000	Series 2013 Refunding	\$5,234,000
Equity	<u>250,000</u>	Project Costs*	4,266,000
		Costs of Issuance	<u>250,000</u>
Total	<u>\$9,750,000</u>	Total	<u>\$9,750,000</u>

* Project Costs:

Alpine Bank & Trust Co. originated a taxable term loan in November 2016 to finance construction of the Borrower's newest facility, the Puri Family YMCA located at 1475 S. Perryville Rd., Rockford, IL. Construction is complete and project costs to be refinanced on a tax-exempt basis total approximately \$1.385MM. The facility opened in May 2017.

Alpine Bank & Trust Co. also originated a taxable term loan in December 2016 to finance ongoing renovations at the Borrower's I.D. Pennock Family YMCA located at 200 Y Blvd., Rockford, IL, in connection with Judson University's relocation of its Rockford campus to the flagship YMCA campus. Estimated construction draws advanced to the Borrower from Alpine Bank prior to closing and funding of the Series 2017 Bond are expected to total approximately \$1.400MM.

The proposed IFA Series 2017 Bond will finance on a tax-exempt basis an additional \$1.481MM of qualified costs related to the relocation of Judson University to the I.D. Pennock Family YMCA.

FINANCING SUMMARY

Structure/

Security: The IFA 501(c)(3) Revenue Bond Series 2017 (YMCA of Rock River Valley) will be purchased directly by **Illinois Bank & Trust**, a subsidiary of Heartland Financial USA, Inc. (the "**Bank**" or "**Bond Purchaser**"). The Bank will be the secured lender and the direct bond investor.

The Bank will be collateralized by a first security interest in the business assets of the Borrower and a first-priority mortgage and an assignment of rents and leases in connection with the following real properties of the Borrower, located at: (i) 200 Y Blvd., Rockford, IL ("**I.D. Pennock Family YMCA**"), (ii) 8451 Orth Rd., Loves Park, IL ("**Northeast Family YMCA**"), (iii) 1475 S. Perryville Rd., Rockford, IL ("**Puri Family YMCA**"), and (iv) 5804 N. Main St., Rockford, IL ("**Camp Winnebago**").

Interest Rate: Illinois Bank & Trust will establish a synthetically fixed interest rate with an initial term of 10 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 2.50% and 3.25%.

Maturity: 8/1/2037 (i.e., not-to-exceed 21 years)

Estimated Closing Date: July 2017

Rationale: The proposed financing will reduce monthly payments that (together with other funds available to the Borrower) will assist in helping YMCA of Rock River Valley keep its fixed charges (including refinancing on a tax-exempt basis its interim construction loans) as low as possible. The savings from the proposed tax-exempt financing will also free up cash to be used for various program initiatives centered around youth development, healthy living, and social responsibility.

BUSINESS SUMMARY

Background: **YMCA of Rock River Valley, an Illinois not-for-profit corporation (“YMCA” or the “Borrower”)** was incorporated under Illinois law in August 1886 and is a 501(c)(3) corporation.

The Borrower is currently governed by a 19-member Board of Directors. (Please see the Economic Disclosure Statement on pages 6-7 for further information.)

**History and
Background on
YMCA -**

International: The Young Men's Christian Association (commonly known as “YMCA” or simply the “Y”) is a worldwide organization with more than 57 million beneficiaries from 125 national associations. It was founded on June 6, 1844 in London and aims to put Christian principles into practice by developing a healthy "body, mind and spirit". The various local YMCAs are voluntarily affiliated through their national organizations. The national organizations in turn are part of both an Area Alliance and the World Alliance of YMCAs. The World Alliance is headquartered in Geneva, Switzerland.

Originally, the YMCA focused on both promoting good sportsmanship in athletic contests in gymnasiums (where basketball and volleyball were invented) and swimming pools, while promoting evangelical Christianity in religious services. Beginning in the 1930s and continuing to the present, the YMCA de-emphasized sponsorship of specific religious beliefs and, instead, focused promoting character development by supporting morality and good citizenship while inspiring youths and their families to exercise and undertake healthful living practices.

Nationally, there are more than 2,700 local YMCA chapters located throughout the U.S.

**Background on
YMCA of Rock**

River Valley: The YMCA of Rock River Valley is an independent, autonomous organization with its own governing board, professional staff, and financial resources.

YMCA of Rock River Valley is a full service YMCA serving Winnebago County with 7 YMCA branch facilities. More than 30,000 individuals comprise the respective the YMCA of Rock River Valley community. It is the third largest YMCA Association in Illinois and is ranked in the top 15 percent of YMCAs across the United States. Additionally, it has been recognized locally and nationally for its history of innovation, training and education, leadership, and the quality of their youth programs.

The YMCA of Rock River Valley continues to grow and expand to better serve its members and participants by providing programs or services in areas of Youth, Health and Social Responsibilities.

The mission of YMCA of Rock River Valley is to connect and engage people to enhance lives and build community collaboration, with the following Areas of Impact:

- **Health** – help people grow healthier in spirit, mind and body
- **Families** – strengthen relationships between children and their parents and other adults who care for them
- **Relationships** – foster social interaction and caring
- **Bridge Building** – bring diverse individuals, groups, organizations, and communities together for sharing, problem solving, and mutual support
- **Servant Leadership** – challenge individuals to work to improve their community and all of the Rock River Valley area.

General information on the facility financed with proceeds of the IFA Series 2013 Bond follows below:

The Northeast Family YMCA located at 8451 Orth Road in Loves Park is equipped with a training center, wellness, fitness, and exercise classes, indoor pool, locker rooms, gymnasium, youth and family center, youth fitness center, child watch and more. Northeast Family YMCA also offers physical therapy and rehabilitation services on-site through a partnership with Swedish American Health System, which leases approximately 2,600 square feet of space from YMCA of Rock River Valley.

General information on the facilities financed with the interim construction loans from Alpine Bank & Trust Co. follow below:

The Puri Family YMCA, located at 1475 S. Perryville Road in Rockford, is the newest facility in YMCA of Rock River Valley's network. Opened in Spring 2017, the interim loan financed construction of a 15,500 square foot facility offering a fitness center, exercise studios, youth family area and child watch area within a donated building from the Puri Family. It is YMCA of Rock River Valley's first 24-hour facility serving southeast Rockford and the Cherry Valley region.

The I.D. Pennock Family YMCA located at 200 Y Blvd. in Rockford in undergoing renovation financed by the interim loan to share space with Judson University in an effort to create a campus destination in downtown Rockford that is focused on helping community members pursue a healthy spirit, mind and body. Judson will relocate its campus inside the I.D. Pennock Family YMCA with classes ready to launch in Fall 2017.

Background on
Judson

University: Judson University is a fully accredited, private Christian institution representing the Church at work in higher education. Nestled along the beautiful Fox River in Elgin, Ill., just 40 miles northwest of Chicago, Judson is home to more than 1,200 students from 33 states and 20 countries. Judson offers degrees in more than 65 different majors and minors for traditional, graduate and adult students and ranks consistently among the Best Regional Universities in the Midwest by U.S. News & World Report. Judson has also been recognized as a "Christian College of Distinction". With an academically challenging environment and encouraging spiritual community, Judson shapes lives that shape the world.

Currently housed at 1055 Featherstone Drive, Judson's Rockford campus will move into the YMCA of Rock River Valley's location with classes scheduled to begin in August 2017. Classes will remain at the Featherstone location through July.

Judson University will occupy 10,000 square feet of space on the third floor and portions of the second floor of the YMCA facility. The new classrooms will offer Y members an opportunity to take evening college courses in the School of Business and Professional Studies, which offers adult undergraduate degrees in Organizational Leadership, Business Administration (with optional concentrations in Digital Marketing, Entrepreneurship, Human Resource Management or Leadership), Human Services and Applied Psychology as well as an Associate of Arts in Liberal Arts. Additionally, the Y will have access to the state-of-the art classrooms during the day to run its programs and educational initiatives.

Additionally, Judson University has committed to awarding a two-year scholarship each year to a YMCA member who is pursuing a bachelor's or associate's degree.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **YMCA of Rock River Valley**, an Illinois not-for-profit corporation (“**YMCA**” or the “**Borrower**”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) refund the Illinois Finance Authority Revenue Bond, Series 2013 (YMCA of Rock River Valley) (the “**Prior Bond**”); (ii) refinance certain taxable indebtedness (the “**Prior Taxable Indebtedness**”) of the Borrower; (iii) finance the costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping certain facilities of the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bond, all as permitted by the Act (collectively, the “**Financing Purposes**”).

ECONOMIC DISCLOSURE STATEMENT

Applicant: **YMCA of Rock River Valley**, 220 East State Street, Rockford, IL 61104

Contact: Mr. Jason Behrends, Chief Financial Officer, YMCA of Rock River Valley
(T): 815-489-1295; (E-mail): jbehrends@rockriverymca.org

Website: www.rockriverymca.org

Project name: IFA Revenue Bond, Series 2017 (YMCA of Rock River Valley)

Locations: The initial owner, operator or manager of the facilities being financed or refinanced with the proceeds of the Bonds is the Borrower. All of the facilities to be financed or refinanced with the proceeds of the Bonds will be located at the following addresses: (i) 200 Y Blvd., Rockford, IL (“**I.D. Pennock Family YMCA**”), (ii) 8451 Orth Rd., Loves Park, IL (“**Northeast Family YMCA**”), and (iii) 1475 S. Perryville Rd., Rockford, IL (“**Puri Family YMCA**”).

Organization: Illinois 501(c)(3) not-for-profit corporation

Board of
Directors:

Mike Broski
Entre Computer Solutions
Current Board Chair

Leslie Anderson
State Farm Insurance

Dr. Dave Gomel
Rosecrance Health Network
Chair Elect

Joe Bruscato
Winnebago County State's
Attorney's Office

Earl Dotson, Jr.
Rockford Public Schools

Michael Gann
MPEC

Rick Engen
Pharmaceuticals

Jim Zuba
Zuba & Associates, P.C.

Suzi Sullivan
Retired Teacher

J. Hanley
Hinshaw and Culbertson Law Firm

Tom Wieland
Rock Valley Oil & Chemical
Company

Bridget French
Alignment Rockford

Einar Forsman
Rockford Chamber of Commerce

Steve Rosella
Bergstrom INC

Amy Ott
Boylan Catholic High School

Dr. Kathleen Kelly
Retired
SwedishAmerican Health System

Cesar Sanchez
 Alpine Bank & Trust Company

Skip Trotter
 Trotter Manufacturing Inc.

Bruce Vorel
 Meridian

Tenants:

<u>Facility:</u>	<u>Lessee:</u>
Northeast Family YMCA	Swedish American Health Systems Corporation Contact: Don Daniels, COO; 815-961-2437
I.D. Pennock Family YMCA	Swedish American Hospital Contact: Ann Sammons, Manager; 779-696-9700
I.D. Pennock Family YMCA	Judson University – A Baptist Institution Contact: David L. Cook, Ed.D. – Dean; 847-628-1518
I.D. Pennock Family YMCA	Subway Real Estate, LLC Contact: Pamela Blume, Owner; 815-509-6735

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Reno & Zahn	Rockford, IL	Ian Linnabary
Auditor:	Sikich LLP	Rockford, IL	
Bond Counsel:	Nixon Peabody LLP	Chicago, IL	James Broeking Julie Seymour
Bank/Direct			
Bond Purchaser:	Illinois Bank & Trust	Rockford, IL	Shelley Phillips Dennis Roop
Bank/Purchaser's Counsel:	Barrick, Switzer, Long, Balsley and Van Evera	Rockford, IL	Thomas Green
Architect:	Saavedra Gehlausen Architects	Rockford, IL	Guy Gehlausen
Contractor (Puri):	Schmeling Construction Co.	Rockford, IL	J. Early Wilsey
Contractor (I.D. Pennock):	Stenstrom General Contractor	Rockford, IL	Jeff Bockhop
IFA Counsel:	Miller, Hall & Triggs, LLC	Peoria, IL	Richard Joseph
IFA Financial Advisor:	Sycamore Advisors	Chicago, IL	Diana Hamilton

LEGISLATIVE DISTRICTS

	I.D. Pennock Family YMCA	Northeast Family YMCA	Puri Family YMCA
Congressional:	17	16	16
State Senate:	34	35	34
State House:	67	69	68

CONFIDENTIAL INFORMATION

Est. fee: \$43,500 (based on \$9,500,000 Estimated Par)

Financials: Audited Financial Statements for the three fiscal years ended 8/31/2014 through 8/31/2016. Forecast financial statements for the three fiscal years ended 12/31/2017 through 12/31/2019 prepared by IFA Staff based on Audited Financial Statements for the four-month period ended 12/31/2016 and discussions with the Borrower and its new relationship bank, Illinois Bank & Trust.

	Actual			Projected		
	August 31			December 31		
	2014	2015	2016	2017	2018	2019
	(Actual Dollars)			(Actual Dollars)		
Income Statement:						
Membership Fees	\$ 4,499,956	\$ 4,605,255	\$ 4,664,282	\$ 4,780,889	\$ 4,900,411	\$ 5,022,922
Program Income	\$ 490,726	\$ 537,193	\$ 558,900	\$ 572,873	\$ 587,194	\$ 601,874
Unrestricted Operating Revenues	9,169,870	9,984,495	9,984,495	10,349,107	10,767,110	11,032,595
Change in Operating Net Assets (Operating Net Income)	58,972	(235,712)	686,437	434,485	502,905	600,858
** Adjusted EBIDA	1,430,151	1,229,649	2,148,726	1,856,726	2,035,095	2,054,357
Balance Sheet:						
Current Assets	\$ 636,670	\$ 1,205,857	\$ 1,394,265	\$ 1,380,969	\$ 1,373,443	\$ 1,404,608
Net PP&E	18,617,612	18,177,807	18,185,214	22,226,459	22,119,809	22,013,159
Other Non-Current Assets	6,552,308	6,036,628	6,056,789	6,152,438	6,063,150	6,298,090
Total Assets	25,806,590	25,420,292	25,636,268	29,759,867	29,556,401	29,715,857
Current Liabilities	1,072,023	970,970	1,134,606	1,148,063	1,034,005	940,516
Long - Term Debt	6,132,520	5,827,816	5,183,507	8,923,568	8,552,110	8,169,831
Other Non-Curr. Liab	474,228	277,803	156,875	270,953	112,456	209,179
Net Assets	18,127,819	18,343,703	19,161,280	19,417,283	19,857,830	20,396,331
Total Liab & Net Assets	25,806,590	25,420,292	25,636,268	29,759,867	29,556,401	29,715,857
Ratios:						
Debt/Fixed Charge Coverage (x)	1.81	1.38	2.18	2.19	1.98	2.55
Current Ratio	0.59	1.24	1.23	1.20	1.20	1.33
Debt/Net Assets	0.47	0.45	0.38	0.37	0.61	0.55
Days Cash and Investments	102	110	112	146	137	144

** Adjusted EBIDA = Operating Net Income before Interest, Depreciation, Amortization Expense, and Rent Expense

Discussion: From Fiscal Year 2014 to Fiscal Year 2016, YMCA derived over 77 percent of its Unrestricted Operating Revenues from three principal sources: (i) Membership Fees (48.65% on average), (ii) Childcare Income (14.63% on average), and Grants and Contributions (14.42% on average). No other revenue source comprised over 6.0% of average revenues from 2014 to 2016. YMCA posted Total Unrestricted Revenues of \$9.17MM in 2014, \$9.18MM in 2015 and \$9.98MM in 2016. Over the 3-year period, this reflected a compound annual growth rate of 2.88%.

YMCA has adopted investment and spending policies for board designated endowment funds that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. To satisfy its long-term rate-of-return objectives, YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The YMCA's spending policy for board designated endowment funds provides that distributions may be made during the current fiscal year of up to 5% of the average market value of the related investments over the immediate three prior years. For Fiscal Years ended August 31, 2016 and August 31, 2015, the appropriation of Endowment Assets for Expenditures totaled \$132,297 and \$615,375, respectively. As of 8/31/2016, Total (i.e., Unrestricted, Temporarily Restricted, and Permanently Restricted) Endowment Assets were approximately \$3,200,467.

Management has practiced effective expense control as well, continuing to meet members' and parents' expectations as evidenced by membership increasing in each of the past three fiscal years. Operating results improved from 2015 to 2016 as evidenced by YMCA posting Net Income of \$686,437 in 2016 (compared to a Net Loss of (\$235,712) posted in 2015) and improved Debt Service Coverage Ratios that rose from 1.38x in 2015 to 2.18x in 2016. As is common for many 501(c)(3) organizations, the Net Loss posted in 2015 reflects significant Depreciation Expense. After adding back Depreciation Expense of \$1,096,489 in 2015, YMCA of Rock River Valley posted positive Adjusted EBIDA. From 2014 to 2016, Adjusted EBIDA improved from \$1.4MM to \$2.15MM.

**Forecast
Results:**

As contemplated herein, the plan of finance seeks to refund the IFA Series 2013 Bond and refinance on a tax-exempt basis interim construction loans originated by Alpine Bank and Trust. Additionally, the IFA Series 2017 Bond will finance the remaining build-out of the flagship I.D. Pennock Family YMCA facility in preparation for its new tenant, Judson University. The IFA Series 2017 Bond will be purchased directly by Illinois Bank & Trust, a subsidiary of Heartland Financial USA, Inc.

The key assumptions listed below are reflected in the forecast presented on page 10:

1. The IFA Series 2017 Bond issued in the aggregate principal amount of \$9.5MM will close and fund by 7/31/2017, consisting of the following:
 - Provide for a synthetically fixed interest rate, estimated at 2.875% for the Forecast Period (i.e., through 12/31/2019);
 - Monthly principal and interest payments, initially beginning on 8/1/2017 for an initial term of 10 years; and
 - Final maturity date of 8/1/2037 (i.e., 20 years).
2. Annual Unrestricted Revenue growth of 2.50%, consistent with the 3-year historical compound annual growth rate of 2.88%.
3. Judson University will commence paying rent to YMCA on 8/1/2017, with annual base rent of \$276,000 in Year 1, \$278,760 in Year 2, and \$281,547.60 in Year 3. The 10-year lease has two 5-year options to extend.
4. Effective control of operating expenses, with annual operating expense escalation of 2.75%.

Based on the foregoing assumptions, YMCA of Rock River Valley is forecast to generate operating cash flows (i.e., Adjusted EBIDA) sufficient to cover the proposed debt service payments associated with the IFA Series 2017 Bond and other fixed charges (including a \$105,000 conventional term loan to be funded by Illinois Bank

& Trust amortized over 17 months) by multiples of 1.98 times or better beginning in Fiscal Year 2018 (i.e., the first *full* fiscal year of debt service payments).

Liquidity: As non-rated entities focused on providing recreational and educational services to localized service areas, most YMCAs are (i) non-rated, and (ii) accordingly, have modest cash and liquidity positions. YMCA of Rock River Valley's liquidity is above average for a non-rated institution its sized as evidenced by combined cash and unrestricted short-term and long-term investment balances totaled approximately \$3.10MM at 8/31/2016 [i.e., equivalent to approximately 112 days (i.e., approximately 3.5 months) of operating expenses].

Furthermore, Total Fund Balances/Net Assets has improved year-over-year in each of the past three fiscal years. Total Net Assets as of 8/31/2016 totaled approximately \$19.16MM, which was comprised of approximately \$15.70MM in Unrestricted Net Assets.

YMCA of Rock River Valley has a line of credit for \$750,000 with interest at LIBOR plus a spread of 2.50%. However, YMCA has no outstanding balances drawn against the line of credit. As proposed, YMCA will terminate the line of credit and enter into a new line of credit with its new relationship bank, Illinois Bank & Trust. The terms and conditions will remain consistent.

Property Taxes: The Borrower expects that all tax-exempt property financed or refinanced with proceeds of the Series 2017 bonds will be exempt from property taxes.