



\$74,089,800 – FINAL ISSUANCE AMOUNT – CLOSED 6/28/2017

PAB CONDUIT

March 9, 2017

\$100,000,000

Franciscan Communities, Inc.

REQUEST	<p>Purpose: Bond proceeds will be used by Franciscan Communities, Inc., (“the Franciscan”, “FC”, or “the Borrower”) to: (i) finance, refinance or reimburse the Borrower or University Place, Inc. (“University Place”) for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of the senior living facilities owned and operated by the Borrower or University Place, as follows: (a) the costs of renovating the skilled nursing facility at The Village at Victory Lakes, Wheeling, Illinois, renovating portions of the assisted living facility at St. Joseph Village, Chicago and renovating portions of Franciscan Village, Lemont, Illinois; (b) projects in the State of Indiana consisting of the reimbursement and/or funding for capital improvements at St. Anthony Home, Crown Point, Indiana and at University Place, West Lafayette, Indiana; and (c) a project in the State of Ohio consisting of the construction and equipping of an 11,000 square foot addition to Mount Alverna Village, Parma, Ohio; (ii) refund all or a portion of the (a) Illinois Finance Authority (“IFA”) Series 2004B Revenue Bonds (or “IFA Series 2004B Bonds”), (b) the IFA Series 2007A Bonds, (c) the IFA Series 2013B Bonds, (d) County of Cuyahoga, Ohio Health Care Facilities Revenue Bonds, Series 2004C and D (for the Mount Alverna Project); (iii) pay certain working capital expenditures of the Borrower, if deemed necessary or desirable by the Borrower; (iv) fund one or more debt service reserve funds for the benefit of the Series 2017A Bonds if deemed necessary or desirable by the Borrower; (v) pay a portion of the interest accruing on the Series 2017 Bonds, if deemed necessary or desirable by the Borrower; and (vi) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds (Multi-State)</p> <p>Extraordinary Conditions: None.</p>								
BOARD ACTIONS	<p>Final Bond Resolution. Voting Record – January 12, 2017 – Preliminary Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 1 Absent (Yonover); 1 Not Voting (Anderberg); 0 Vacancies.</p>								
MATERIAL CHANGES	<p>None.</p>								
JOB DATA	<table border="0"> <tr> <td style="padding-right: 20px;">1,799</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">0</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>20</td> <td>Construction jobs projected</td> </tr> </table>	1,799	Current jobs	0	New jobs projected	N/A	Retained jobs	20	Construction jobs projected
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N/A	Retained jobs	20	Construction jobs projected						
DESCRIPTION	<ul style="list-style-type: none"> ● Franciscan’s locations are in Cook, Will, and Lake Counties. ● Upon completion of the financing, the Obligated Group will operate eight senior care communities in three states with an aggregate of 1,951 total units, including 479 entrance fee independent living units, 260 rental independent living units, 339 assisted living units, 68 memory care units, and 805 nursing/sheltered units. The new money projects will be at certain of the Obligated Group’s eight senior care communities that are located in the three states. 								
SECURITY/MATURITY	<ul style="list-style-type: none"> ● Security: The 2017 bondholders will have a gross revenue pledge of the Franciscan under a Master Trust Indenture and a mortgage or leasehold mortgage on all properties in the Franciscan Obligated Group., which is pari passu or in parity. ● Bonds will mature no later than 2057 (40 years). 								
CREDIT INDICATORS	<ul style="list-style-type: none"> ● The underwritten Bonds will be rated. Franciscan expects a rating of ‘BBB-’ by Fitch. ● The bank direct purchase Bonds will not be rated. 								
STRUCTURE	<ul style="list-style-type: none"> ● The Franciscan contemplates the issuance of tax-exempt fixed rate investment grade bonds to be sold in a public underwriting by BB&T Capital Markets. ● The Plan of Finance also contemplates a bank direct purchase by banks to be selected by the Franciscan. 								

SOURCES AND USES ESTIMATED	Sources:		Uses:	
	IFA Bonds	\$94,000,000	Refund Existing Debt	\$79,000,000
	Existing Trustee Funds on Hand	<u>4,800,000</u>	Project Fund	15,000,000
			DSRF	3,000,000
			Cost of Issuance	<u>1,800,000</u>
	Total	<u>\$ 98,800,000</u>	Total	<u>\$ 98,800,000</u>
RECOMMENDATION	Credit Review Committee recommends approval.			

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**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 9, 2017**

Project: Franciscan Communities, Inc.

STATISTICS

Project Number:	12378	Amount:	\$100,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Locations:	Chicago, Lindenhurst, Lemont, Wheeling, Homer Glen; Crown Point and West Lafayette, Indiana; and Parma, Ohio	Counties / Region:	Cook/Will/Lake Counties/Northeast Region

BOARD ACTION

Final Bond Resolution	No IFA funds at risk
Conduit 501(c)(3) Revenue Bonds (Multi-State)	No extraordinary conditions
Credit Review Committee recommends approval.	

VOTING RECORD

Final Bond Resolution
Voting Record – January 12, 2017 – Preliminary Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 1 Absent (Yonover); 1 Not Voting (Anderberg); 0 Vacancies.

PURPOSE

Bond proceeds will be used by **Franciscan Communities, Inc.**, (“**the Franciscan**”, “**FC**”, or “**the Borrower**”) to: (i) finance, refinance or reimburse the Borrower or University Place, Inc. (“**University Place**”) for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of the senior living facilities owned and operated by the Borrower or University Place, as follows: (a) the costs of renovating the skilled nursing facility at The Village at Victory Lakes, Wheeling, Illinois, renovating portions of the assisted living facility at St. Joseph Village, Chicago and renovating portions of Franciscan Village, Lemont, Illinois; (b) projects in the State of Indiana consisting of the reimbursement and/or funding for capital improvements at St. Anthony Home, Crown Point, Indiana and at University Place, West Lafayette, Indiana; and (c) a project in the State of Ohio consisting of the construction and equipping of an 11,000 square foot addition to Mount Alverna Village, Parma, Ohio; (ii) refund all or a portion of the (a) Illinois Finance Authority Revenue Bonds (“IFA”) 2004B bonds, (b) the IFA Series 2007A Bonds, (c) the IFA Series 2013B Bonds, (d) County of Cuyahoga, Ohio Health Care Facilities Revenue Bonds, Series 2004C and D (for the Mount Alverna Project); (iii) pay certain working capital expenditures of the Borrower, if deemed necessary or desirable by the Borrower; (iv) fund one or more debt service reserve funds for the benefit of the Series 2017A Bonds if deemed necessary or desirable by the Borrower; (v) pay a portion of the interest accruing on the Series 2017 Bonds, if deemed necessary or desirable by the Borrower; and (vi) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds.

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 missions. IFA’s issuance will convey federal tax-exempt status on interest paid to bondholders, thereby reducing a borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$94,000,000	Refund Existing Debt	\$79,000,000
Existing Trustee Funds on Hand	<u>4,800,000</u>	Project Fund	15,000,000
		DSRF	3,000,000
		Cost of Issuance	<u>1,800,000</u>
Total	<u>\$ 98,800,000</u>	Total	<u>\$ 98,800,000</u>

JOBS

Current employment:	1,799	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	20

FINANCING SUMMARY

Security:	The 2017 bondholders will have a gross revenue pledge of the Franciscan under a Master Trust Indenture and a mortgage or leasehold mortgage on all properties in the Franciscan Obligated Group.
Credit Enhancement:	None
Structure:	The Franciscan contemplates the issuance of approximately \$42 million of tax-exempt fixed rate investment grade bonds to be sold in a public underwriting by BB&T Capital Markets. The Plan of Finance also contemplates a bank direct purchase by banks to be selected the Franciscan.
Interest Rate:	Fixed Rate and Variable Rate
Underlying Ratings:	The underwritten Bonds will be rated while the bank purchased Bonds will not be rated. Franciscan expects a rating of 'BBB-' by Fitch on any Bonds sold publicly.
Maturity:	Not later than 2057 (40 years).
Estimated Closing Date:	April 2017

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **Franciscan Communities, Inc.**, (“the Franciscan”, “FC”, or “the Borrower”) to: (i) finance, refinance or reimburse the Borrower or University Place, Inc. (“**University Place**”) for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of the senior living facilities owned and operated by the Borrower or University Place, as follows: (a) the costs of renovating the skilled nursing facility at The Village at Victory Lakes, Wheeling, Illinois, renovating portions of the assisted living facility at St. Joseph Village, Chicago and renovating portions of Franciscan Village, Lemont, Illinois; (b) projects in the State of Indiana consisting of the reimbursement and/or funding for capital improvements at St. Anthony Home, Crown Point, Indiana and at University Place, West Lafayette, Indiana; and (c) a project in the State of Ohio consisting of the construction and equipping of an 11,000 square foot addition to Mount Alverna Village, Parma, Ohio; (ii) refund all or a portion of the (a) Illinois Finance Authority Revenue Bonds (“IFA”) 2004B bonds, (b) the IFA Series 2007A Bonds, (c) the IFA Series 2013B Bonds, (d) County of Cuyahoga, Ohio Health Care Facilities Revenue Bonds, Series 2004C and D (for the Mount Alverna Project); (iii) pay certain working capital expenditures of the Borrower, if deemed necessary or desirable by the Borrower; (iv) fund one or more debt service reserve funds for the benefit of the Series 2017A Bonds if deemed necessary or desirable by the Borrower; (v) pay a portion of the interest accruing on the

Series 2017 Bonds, if deemed necessary or desirable by the Borrower; and (vi) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds.

BUSINESS SUMMARY

Background: The **Franciscan Sisters of Chicago Service Corporation (“FSCSC”)** is the sole corporate member of the Franciscan (i.e., the Borrower). FSCSC is sponsored by and is a senior care ministry of the Franciscan Sisters of Chicago (“FSC”). Through its various ministries, FSC has provided community-based housing and healthcare services to seniors for over 115 years. The vision of FSCSC is to become the optimal means which frees all those served to experience the fullness of their lives. All financial obligations of Franciscan associated with the proposed debt issuance (and all other expenses) have been, and will continue to be, the sole obligations of the Obligated Group.

Discussion: The Borrower and University Place currently operate eight facilities, including five facilities in the greater Chicago area, two facilities in Indiana, and one facility in Ohio. Collectively, the Borrower and University Place and the communities they operate are also referred to herein as the “Franciscan Obligated Group.” Both the Borrower and University Place are Indiana 501(c)(3) corporations.

The facilities operated by the Obligated Group will include an aggregate of 1,948 total units, including 476 entrance fee independent living units, 257 rental independent living units, 407 assisted living/memory care units, and 808 nursing/sheltered units.

Proceeds of the Series 2017 Bonds will primarily be used refund the Series 2004B, C & D Bonds, the Series 2007A Bonds, the Series 2013B Bonds, and to fund new money projects for certain of the Obligated Group facilities. The Obligated Group is not currently in default on any bonds and has not missed a payment date relative to any bonds in the immediately preceding three years, and, to the best of Borrower’s knowledge, has never defaulted on a payment on any of the Borrower bond issues.

Historical Operating Revenues are reported below.

Total Operating Revenues (\$000s):

	For the Years Ended June 30,				Fiscal Quarter Ended September 30, 2016
	2013	2014	2015	2016	
Obligated Group	\$117,728	\$119,670	\$121,576	\$123,221	\$30,689

ECONOMIC DISCLOSURE STATEMENT

Applicant: Franciscan Communities, Inc.
 Site Address: Franciscan Communities, Inc.
 11500 Theresa Drive
 Lemont, Illinois 60439
 (331) 318-5200
 Contact: Ronald Tinsley, Chief Financial Officer
 Website: www.franciscanministries.org
 Project name: Franciscan Communities, Inc.

Organization: 501(c)(3) Indiana Not-For-Profit Corporation

State: Illinois, Indiana, and Ohio

Ownership/Fiscal 2016-17 Board Members (501(c)(3)):

NAME & TITLE	LENGTH OF SERVICE	OCCUPATION/PLACE OF RESIDENCE	COMMITTEE MEMBERSHIP
Sr. M. Francis Clare Radke Chairperson	Ex-Officio Director	Chairperson Lemont, IL	Executive Executive Compensation
Jill Krueger	Nine years with an approved one-year extension through April 2013	President/Chief Executive Officer Health Resources Alliance, Inc. Naperville, IL	Audit and Finance (Chair) Investment Sub-Committee
Lawrence Leaman	Five years	Retired Huron, OH	Executive Compensation
Sandra Singer	Five years	Professor of Psychology Purdue University Scherrerville, IN	Board Development
Annette Shoemaker Vice Chairperson	Four years	Director Evangelical Lutheran Church Foundation Chicago, IL	Executive Committee Audit and Finance Investment Sub-Committee (Chair)
Judy Amiano President/Chief Executive Officer	Ex-Officio Director	President/Chief Executive Officer of FSCSC Bourbonnais, IL	Executive Audit and Finance Investment Sub-Committee Executive Compensation Quality Improvement/Risk Management

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Nixon Peabody LLP	Chicago	James Broeking
Auditor:	Plante Moran	Elgin	Ed Slack
Bond Counsel	Chapman and Cutler LLP	Chicago	John Bibby & Latrice Phillips
Underwriter(s):	BB&T Capital Markets	Chicago	Brendan Malone
Underwriters' Counsel:	Dinsmore and Shohl LLP	Columbus, OH	Glendon Pratt
IFA Counsel:	Burke, Burns & Pinelli Ltd	Chicago	Steve Welcome
IFA's Financial Advisor:	Sycamore Advisors, LLC	Chicago	Courtney Tobin, Diana Hamilton

LEGISLATIVE DISTRICTS

Congressional: 2, 3, 4, 10
 State Senate: 15, 20, 29, 32, 41
 State House: 29, 39, 57, 64, 82

SERVICE AREA

Franciscan is presently comprised of eight senior care communities providing independent living, assisted living, and nursing services in continuum of care campuses in the states of Illinois, Indiana, and Ohio. The communities that comprise Franciscan presently include: Addolorata Villa located in Wheeling, Illinois; Franciscan Village located in Lemont, Illinois; Marian Village located in Homer Glen, Illinois; St. Joseph Village of Chicago located in Chicago, Illinois; The Village at Victory Lakes located in Lindenhurst, Illinois; St. Anthony Home located in Crown Point, Indiana; University Place located in West Lafayette, Indiana; and Mount Alverna Village located in Parma, Ohio. Franciscan, an Indiana not-for-profit corporation, is currently the sole member of the Franciscan Obligated Group.

A map detailing the locations of the corporate office of FSCSC (previously Homewood, now Lemont) and each facility within the Obligated Group is presented below.

